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CANADA'S

WEEKLY NEWSMAGAZINE

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Few in American television have faced higher stakes than Toronto native Kevin Nealon. But his loss of the coveted *Good Morning America*-host job after just eight months sheds light on the tumultuous nature of network TV and its star machinery.

From The Editor

Year of the report card

Next month, Canadians will learn the contours of what Ottawa is billing as the health-care budget. Suddenly, it seems, the politicians have discovered what anyone with a sick relative or friend could have told them two years ago—the Canadian health-care system needs surgery and an intensive one.

Having pursued the laudable goal of deficit reduction, the men who rule in the black boxes and executive jets almost lifted off a national treasure. The aging-on Main Street had a bright night in a nation that regards medicine as a birthright; gradually people have had to cope with being sheared from one line to another, triaged from one hospital emergency room to the next, their patched-up and sent home after a few days, often to be cared for by their loved ones. The whole de-branched process has given the budget cutters a bad name and turned the blood of skeptics Finance Minister Paul Martin in racking up into sore throats upon hearing them.

By last week, the issue for the minister had become, how much to spend? The Canadian Medical Association told him that Ottawa needs to restore \$8.5 billion in funding to the provinces in the next fiscal year, plus \$1 billion over each of the next three years. In the budget, Martin has set aside \$1 billion to cut down waiting times and expand home care. Health Minister Allan Rock is floating the same re-balancing idea of \$1 billion, plus some say over how the money is spent. Jenkins provincial governments, which seem to have withdrawn above all else, say no to that. So the budget battle will continue in the next few weeks, like a foot fight at a kafé party, with politicians yelling name-calling back-and-forth at each other, while the populace looks on with growing impatience.



Health care: looking over liver

Robert Lewis

Newsroom Notes:

Inside the Beltway

As he sits in the gallery of the U.S. Senate last week watching the initial proceedings in the impeachment trial of President Bill Clinton, Washington Editor Andrew Phillips reflected on the story that has dominated Washington for the past 12 months. "There hasn't been a year to compare with this in a generation," he says, "not



Phillips big day

Phillips, 45, brings to his Washington assignment a well-seasoned outlook as a correspondent and editor at

since the Whitewater scandal. The Clinton saga has taken much of Phillips's attention since last January, but by no means all. When the Monica Lewinsky story broke, for example, he was in Cuba covering the Pope's historic visit.

Phillips, 45, brings to his Washington assignment a well-seasoned outlook as a correspondent and editor at

Maclean's. Born in Victoria, he joined the magazine in 1986 and moved two years later to London as European business chief, along with wife Renée and their son Talus, now 13. His five years in London included reporting trips throughout Europe, the Middle East, and as far afield as India. Once back in Canada, he served as Senior Editor in charge of national coverage before moving to Washington in 1996.

Next week, Maclean's will publish its third annual report on the Best and Worst Mutual Funds—irresistible information for investors as 1995 season heats up.

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Young Westerners may be too pooped for sex

Polls apart

Your national sex survey this year revealed that Newfoundlanders are the most frisky among us and have the most satisfying sex lives ("Sex: there's a week," Marconi/CBC Poll, Dec. 28, 2000/Jun. 4, 1999). The frequency of sex drops off towards the west, with British Columbians being the least amorous. The article also can conclude that women's appetites increase with income and opportunity to be in bed. It suggested Newfoundlanders are coaxed up more easily due to bad weather. But high average income leads to more sex, why don't Columbians or Torontonians top the list? As far as being coaxed up, have you seen the weather in Vancouver for the past few months? Newfoundlanders have more sex because they are the most happy with their lot. They have strong family ties and a strong sense of community. Westerners have high expectations of wealth accumulation and status, and when that is threatened, unfulfilled needs result. And, by chasing these dreams, westerners may be too pooped for sex.

Stan Williams
Calgary

Concerning "The dreaded Y2K," there are a number of questions that consumers and taxpayers should be asking: why is CIBC

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Submissions may appear in Readers' column.

vice-president John Burns looking so pleased with himself when he has waited so long to deal with a problem that was evident a decade ago? And he can only assure that things will go well? Why were these obviously flawed computers purchased in the first place? Did it not occur to even one of these high-ranking officials to check something so obvious as Y2K before spending hundreds of millions? When I first heard about the millennium bug, I checked my Macintosh, purchased in 1992, and found it could read the year 2000. We should be furious at the incompetence of managers who, dangled by the balls and whistles that Microsoft sold them, failed to ask a few simple questions.

Gene Pohl
Calgary

I am confused by the thought that, in your year-end survey, Quebecers were more tolerant than other Canadians when it comes to other people's lifestyle choices ("Sexism of liberalism"). I guess the people and the government have a problem with a lifestyle only when a sign is put up and French is not the most prominent language.

Paul Laroche,
Edmonton

Pursuit of the holy

Peter C. Embrey's essay on the rise of spiritualism ("Searching for purpose," Essays on the Millennium, Dec. 28, 2000/Jun. 4, 1999) was fascinating. While some people may be looking in some pretty bizarre places, the end result is that most of us are searching for a sense of holiness in our lives and character. For me, spiritual salvation comes not from a search for the unknown, but from a love of the scriptures.

David Harrison
Peterborough, Ont.

I was born in 1949 and I cannot convey to you how much I care of the term "baby boomer." While Embrey's thesis was interesting, statistics, as many others do, that all people of my generation can be reduced to a statistic. This is simply not the case. My generation, like all those before and after, comprises murderers, heroes, prophets, geniuses and just plain left. There exists no

A timely suggestion

I have a solution for the Y2K problem. Simply, the planet should adopt the Hebrew calendar. Why should Christians have always been planetary time? Just as easily as we change back and forth from daylight time, we should be able to convert to a new planetary time. If we made Jesus' time all our time, Earth is now in the year 5769. Doesn't that ring true? Doesn't it give a sense of stability? I'm not suggesting Christians forget the birthday of their Christ. I'm merely suggesting we allow others an opportunity to hold office as indicators of time, and when we get close to the Hebrew year of 6000 and feel those "dreaded years," we may decide to adopt the Chinese new year for the world.

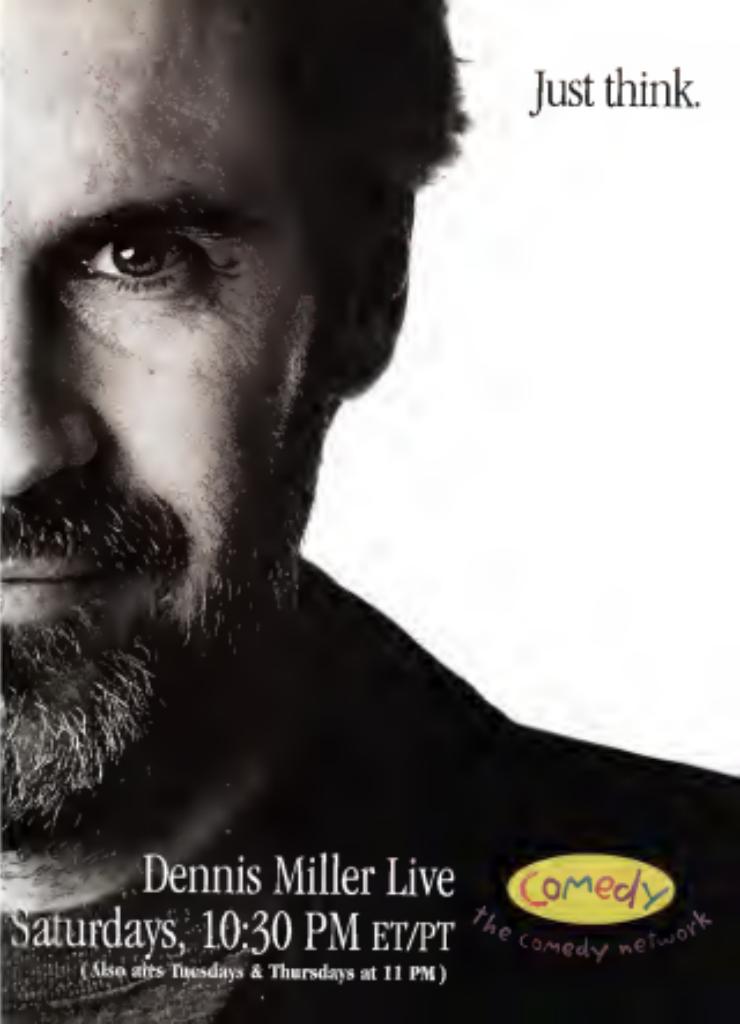
John Dzurak
Toronto

average baby boomer. Embrey states that my generation is now becoming spiritual, but I would claim that we are no more spiritual than any other. Those who covet crystals and other cultic items are few, and are not limited to our generation. While it is common for people to turn to religion in their later years, the revolution we see today and the one that occurred in the '60s are continuations of the movements that swept Europe in the 18th and 19th centuries, giving rise to profound artistic, social, philosophical and moral reforms. In fact, it ages us somewhat regressive. Institutionalized religions, with their wooden rituals and medieval ideologies, have failed to capture our hearts but, on the other hand, self-serving and godless philosophies have brought us only spiritual despair. Religion must be more than the preservation of dogma but it cannot yield to the moral wasteland of Postmodernism. If it is to succeed, it must become, first and foremost, the pursuit of truth.

Mark MacLean
Toronto

Banking on size

Peter C. Newman is right on the money with his column "When the banks lost, Canada lost, too" (The National's Business, Dec. 28, 2000/Jun. 4, 1999). The bank merger issue in Canada is akin to what has been happening in American courts recently — i.e. forget the facts and focus on the process. This is a difference, however, and that is that the facts here are so ugly by both the — the banks and the government. For example, and not much of the electorate



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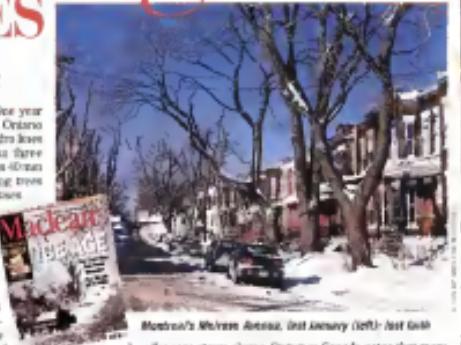
Opening NOTES

Edited by TANYA DARNIS

The plague of ice

It was Canada's worst ice storm on record. One year ago, the Great Ice Storm hit Quebec, eastern Ontario and parts of Atlantic Canada, leaving behind broken trees and transmission towers, leaving more than three million people without power, and 24 dead. Between them and 100 men of ice covered everything—tapping trees and tennis streets were no skating rinks. Most houses remained power-free 10 days after the storm. Some in Quebec's rural interior of darkness were without electricity for a month. More than 100,000 people took refuge in shelters.

Even a year later, the aftermath of the storm is still being felt. The first anniversary coincided with a Quebec government announcement that the storm cost it and Hydro-Quebec almost \$1.6 billion (though the storm—and, specifically, re-building after the disaster)—was a loss to the provincial economy. The Insurance Bureau of Canada revised its claims for storm damage to \$1.5 billion. In eastern Ontario, most victims are still waiting for compensation, leaving the Ontario government to file a lawsuit against Quebec's insurance adjuster, the Ottawa-based firm



Montreal's Mile End Avenue, last January (left); Jeff Goldblum

handing over store claims. Statistics Canada notes that more than one-third of crop land in Quebec and one-quarter in Ontario were in the path of the storm—and that it might be 30 to 40 years before maple syrup production returns to normal. But perhaps handiest of all was people's faith in technology

CAPITAL CONFIDENTIAL

There is nothing like the prospect of a large-scale resource development to break a stalemate in aboriginal land claims negotiations. Consider the tentative agreement reached on Dec. 18 between Ottawa, Newfoundland and the Labrador Inuit Association, that covers more than 12,250 square kilometres in North East Labrador. It took nearly a decade of haggling and threats before the three sides even began serious negotiations in November, 1996. For the next five years the talks went nowhere. But the process was injected with new urgency in 1996 when mining giant Inco Ltd paid \$4.3 billion for the resources are deposits at Voisey's Bay, Labrador.

Inco projected that 1,700 jobs would be created at the mine, the smelter at Argentia on the island of Newfoundland, and in related facilities and infrastructure. Before it went ahead, Inco naturally wanted to know who owned the land where the ore is buried. So Newfoundland Premier Brian Tobin,



John Tory
shuts down
mine from day one

further, federal Indians affairs minister Ray伊恩 and the leadership of the Labrador Inuit agreed to let track the land claims negotiations. In October, 1995, the parties agreed to some general principles. Among them: the Voisey's Bay Inuit would retain sole provincial government control, and the Inuit would receive three per cent of the provincial government royalties from the development. Fourteen months later, negotiators had hashed out enough of the details to announce last month they had an agreement in principle.

But now, Voisey's Bay is on the back burner. And Inco, rather than slumping world nickel prices, insists it can not live up to its original promise to build a smaller plant to refine the ore.

Tobin says if there is no smelter, there is no deal. "We are willing to sit down," Tobin told Maritain's last week. "To negotiate an agreement that is in advantage for all." But government and Inco officials have not talked since last summer, and no negotiations are scheduled.

EMPORIUM

On Jan. 1, the euro was adopted by 11 countries. The number of years European executives think it will take for the currency to displace the U.S. dollar as the "most important international reserve currency":

1 to 2	— 3%	20 and up	— 9%
3 to 5	— 19%	Never	— 85%
6 to 10	18%	Don't know	2%
11 to 20	13%		

SOURCE: J.P. MORGAN BUSINESS RESEARCH

GOLDFARS POLL

How much do Canadians care about living better dressed than their peers? Not very. When 1,400 adults were asked if they thought they had more stylish clothes than their peers, the majority responded no. And while those under 25 believed yes more often than over-40s, the affirmatives were still a minority. By percentage:

	Under 25	25-34	35-49	50-64	65+
Agree you have more stylish clothes than your friends	36	19	13	35	13

Source: RBC Investor Services
January 1999

Additional research: L. S. M. S.



Goldblum: Delivering the CFL and "Be Around for a Long Time"

DOUBLE TAKE

Russ Jackson

During the 1960s, Russ Jackson was one of the most dominant players in the Canadian Football League. Playing for 19 years with the Ottawa Rough Riders, the Brandon native helped the team win three Grey Cups and garnered the Selby Award for the league's most outstanding player three times. The quarterback also set a team record for total yards passed—24,568—which still stands today. After retiring in 1989, Jackson coached the Toronto Argonauts for two years, before returning to his original career as an educator. Now 62 and living in Burlington, Ont., he finally rounds the old dog when playtime calls for full tilt while the team was located—as he did—and were closer to the fans. That gave the community a sense of involvement with the team, says Jackson. "There is nothing anymore that holds players in a city."

After football, Jackson became a school principal, retiring in 1994 as head of John Fraser Secondary School in Hamilton. Since local radio station for Hamilton Tiger-Cats games, Jackson admires the way the Canadian game has improved since his day, and is thrilled with the league's resurgence. "The last two years," he says, "have shown that this league is going to be around for a long time."

LURE FISHER

BEST-SELLERS

- FICTION**
- 1 *The Legend of a Small Woman*, Alice Munro (1)
- 2 *Bliss*
- 3 *Just Jewelry* (2)
- 4 *A Man in Full*, Tom Wolfe (1)
- 5 *The Master*
- 6 *Attic Summers* (2)
- 7 *Goodbye Darkness*, Helen McKellar (2)
- 8 *Resurrection*
- 9 *A Recipe for Death*, Gail Andrew DeGeorge (3)
- 10 *Friends in Deceit*, Diane Johnson (3)
- 11 *The White Room*
- 12 *Requiem for a Heavyweight* (2)
- 13 *Beating of Beauchamp*, Roger Johnstone (2)

MEDICAL

- 1 *Thinner*
- 2 *Anti C. Novum* (1)
- 3 *The Professor and the Madman*, Richard Pachter (2)
- 4 *The Nine Lives*
- 5 *One Person* (2)
- 6 *The Devil of Capitalism*, George Scott (4)
- 7 *In the Blood*, Dennis Lehane (2)
- 8 *The Latex Box*, Bill Roberts (2)
- 9 *The Last Days*, Alan Furst (2)
- 10 *Black Heat*, John Grisham (2)
- 11 *Indian Rez*
- 12 *Portrait of a Gentleman* (2)
- 13 *Blue Heat*
- 14 *Never Come Home* (2)
- 15 *Unto the Web*, David Adams Richards (2)

Compiled by Bruce Berkman

Passages

DEBATED Researcher Dr. Nancy Oliver, 44, by officials of Toronto's Hospital for Sick Children. Oliver was head of a medical program for victims of the rare blood disease thalassemia. Her donation was the latest move in a bitter feud that began when Oliver and the Toronto pharmaceutical firm Apotex Inc. disagreed about results of a drug that Oliver was conducting—and hospital officials did not support her.



DIED Former Canadian diplomat Seal Rae, 84, at his home in Ottawa. Rae served in Paris when the city was liberated in 1944 and was later ambassador to the United Nations, Mexico, Guatemala and the Netherlands. He is the father of Bob Rae, a former Ontario premier, John, an executive with Power Corp., and Jennifer, an executive with Maxx Corp.

HONOURED Charlotte head of movies and mini-series for CBC TV. Jim Burt, 51, of brain cancer, in Toronto. Burt, who held the position for 10 years, was responsible for developing projects that included *The Boys of St. Vincent*, *Million Dollar Babies* and *The Diary of Evelyn Lau*.

NOMINATED Canadian Shania Twain, Celine Dion, Sarah McLachlan, Banff's Ladore Alarie, Toronto's Michael Ignatieff, Robbie Robertson, Walter Ostanek and Toronto-based Rhombus Media for Grammy Awards, in Beverly Hills, Calif. Twain is nominated for six awards, including best album.

CHARGED Msgr. Wito Rallo, 45, the Witton's second-ranking senior official at the Canadian papal embassy, with criminal harassment in Ottawa. Josephine Grice, 59, a cultural attaché at the embassy who was fired last September, alleges she was stalked by Rallo, received death threats and had break-ins at her home.

NAMED Canadian Norman Jewison, as winner of the Irving G. Thalberg Memorial Award, to be given at the Academy Awards in March. The prize, Jewison's first Oscar, goes to a producer whose body of work reflects a consistently high standard of movie production.

How to define a Canadian, 101

WE SPEAKS FOR CANADA?
Windsor Hot Shape a Country (McGill & Stewart), edited by Deoness Morton and Morton Wierzbicki, brings together essays, speeches and poems from more than 130 leading Canadians—writers, politicians and historical figures—to answer a perennial old question: what is it that defines a Canadian?





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CATCHING UP

BY JOHN GEDDES

Sterra Wireless Inc., a small company launched just six years ago by three high-tech entrepreneurs, the Richmond, B.C., firm quickly established itself as a leading manufacturer of equipment for linking up portable computers to the Internet over cellular telephone networks. Sterra now employs about 80 people, many recruited from the Vancouver area by a combination of intense workaholic spirit, developing leading-edge technology and hard work ethics devoted to West Coast pursuits like sailing and sea kayaking. It's the sort of hip, fast-growing enterprise that politicians gush over as the future of the new economy. But Sterra is not pushing back. One of its founders, Andrew Barnes, now vice-president of marketing, complains that high federal and provincial income taxes sometimes drive hard-to-recruit, highly skilled workers to the United States. "If costs is their primary reason for going," Barnes laments, "there's not much we can do about it, given the tax situation."

Barnes's frustration is widely shared. The fiscal drain, an old, recurring concern of Canadian companies and governments alike, is again high on the policy agenda at the run-up to the federal budget. Finance Minister Paul Martin is expected to bring down next month. This time, though, it's just one aspect of an even bigger debate about the country's lagging productivity, and why Canada seems unable to catch up with the more dynamic U.S. economy. Many economists are blaming the heavier Canadian tax load not only for the problems companies like Sterra have holding onto mobile workers, but also for the country's failure to produce more Sterras in the first place. Just 14 per cent of Canada's manufacturing firms are considered high-tech, compared with 24 per cent in the United States. Critics of the hawks among governments are asking a money that would otherwise be invested to create these new, innovative Canadian companies—and to boost the lagging productivity of all others. "Our tax burden sticks out like a sore thumb," complains David Rosenberg, senior economist at the brokerage company National Bank Inc.

High Canadian taxes figure prominently in a recent economic report that told a troubling story about Canada's long-term economic performance. Over the past quarter century, Canada's productivity—the amount of economic output the country gets from its labour and capital investments—has grown more slowly than either other rich industrialized nations—or, of course, the United States. The federal industry department estimates that Canadian manufacturers are now only about 70 per cent as productive as their U.S. rivals, down from 80 per cent in 1985. The gap has widened during the very period when many Canadians thought they were weathering changes that would turn their economy into a world-beater. First, there was the shift to North American free trade, then a period of unusually high interest rates to squeeze inflation out of the economy and,

most recently, the war on government deficits. "Now the question is, when is all this going to materialize itself in real benefits to the lives of people," says one Liberal strategist close to Martin.

Many economists argue that free trade, low taxation and zero deficit are already paying dividends, but the benefits are being partly stifled by those persistently high taxes. Taxes levied by all governments in Canada amount to about 37 per cent of Canada's gross domestic product, compared with about 29 per cent in the United States. For a middle-class family that saves or transmits into a big bank out of a paycheque, according to a recent study by CIBC Wood Gundy Securities Inc., a family earning \$30,000 to \$45,000 a year in Canada can expect to pay about 17.7 percent of its income in taxes, compared with 8.8 percent for the same U.S. household.

As well, a Canadian who manages to make more does not keep as much as an American. The top Canadian tax bracket, 52 per cent, kicks in for every dollar earned above \$88,187, an income level at which the U.S. taxman grabs only 32 per cent. One national observer in Ottawa has taken note. The Organization for Economic Cooperation and Development, in its latest survey of the Canadian economy, called the gap between U.S. and Canadian taxes its "pressure point," and urged Ottawa to cut taxes "for competitive reasons."

Martin appears poised to make a start at doing just that. His top advisers say the government hopes to offer some sort of personal income tax reduction in the coming budget. But they reject the argument that the basic drug means that relief should be targeted at the top income earners—those able to move south most easily. Instead, a tax break targeted at middle-class taxpayers with incomes below \$65,000 is in favour in pre-budget planning sessions. Some lobbyists who have been urging because the most mobile—and banked—professionals will be sharpened. "Retraining and retaining high-end, skilled workers is basically the number 1 priority for high-tech companies," says John Reid, president of the Canadian Advanced Technology Alliance.

While some are drumming the debate about how to catch up to the Americans, they are not the whole story. In a key speech highlighting the government's concern about lagging Canadian productivity last September, Prime Minister Jean Chrétien stressed the need for a better-educated workforce. He noted his government's initiatives in the 1998 budget: helping parents save for their children's education after high school; setting up the new Millennium Scholarship Fund; and injecting more money into the federal granting councils that finance university research. Some business leaders support that emphasis on broadening the pool of well-educated, technology-oriented workers, rather than becoming preoccupied with competing with the United States through tax reductions. "Sure, it's hard



High taxes and the brain drain spur the productivity debate

to get Americans to come up to Canada, and easy to get Canadians to go to the U.S.," says Wolf Haeseler, president of Guelph, Ont.-based Stelmac Inc., which manufactures mobile elevating platforms, often used in construction, at factories in Ontario and now, "that a bigger difficulty is simply finding well-educated, qualified technical people, whether it's in Canada or the United States."

At first glance, education appears to be a bright spot for the Canadian economy. Canada ranks first in the world in the percentage of 16- to 21-year-olds enrolled full-time in postsecondary education, 37.9 per cent, compared with 34.7 per cent in the United States and 30.6 per cent in Germany. But a recent Conference Board of Canada study points out that Canada lags behind most industrialized countries in the proportion of graduates with high demand careers and math degrees. And the board, an independent economic research organization, also said the high-school dropout rate in Canada remains higher than in Japan, Germany and the United States. Another perennial weak spot for Canada is on-the-job training, in which Canadian companies rank just 10th in the world, behind Japan, Germany and France, although ahead of the United States and Britain.

Canada's generic sector posts a weak performance in some other key areas. Domestic companies are far less likely to adopt new technologies than similar-sized American firms, according to Statistics Canada. And even though Canada offers the world's richest tax breaks for research and development, U.S. companies spend nearly twice as much on R and D. Foreign firms with branch plants in

Canada seem in general better than Canadian-owned operations. A recent analysis of Canada's productivity problem by the federal industry department said that foreign-controlled firms in Canada, on average, 23 per cent more productive than their Canadian counterparts. Investment in new equipment is one likely reason. In Port Hawkesbury, N.S., Helisud-based forest products giant Stora Enso Oy has spent \$750 million to turn a spruce mill into a state-of-the-art showcase for new papermaking technology. "This investment has a very important message for Canada," says Jack Hartnett, president and general manager of the Port Hawkesbury mill. "This hasn't been happening in Canada to the extent that it should be, it has been happening in Europe and Asia."

While productivity is a hot debating point in the strategy sessions leading up to the budget, the word itself may not find its way into Martin's budget speech. Liberal strategists like MacLean's think that Canadians associate the term with corporate downsizing. "People have some trouble relating to what productivity means," said one government official. "It could mean an employer is going to give them a computer, or it could mean they are going to be laid off." Shrinking up health care—a safer, more popular theme—will dominate the budget rhetoric. Still, with the reality sinking in that vanquishing the deficit has not meant the end of Canada's economic woes, Martin is under pressure to send a message—call it what he will—but Ottawa is not willing to let Canadians keep falling further behind their American cousins in the race for prosperity in the global economy □



Montreal's burning issue

Vandalism marks the city's simmering contract dispute with firefighters

BY BRENDA BRANSWELL

When two fire trucks raced through downtown Montreal one day last week, sirens screaming and lights flashing, several passersby halted in their tracks—as usual—and stared. But in this case, there was another reason for the pedestrians' interest. The trucks sported a unique Holstein cow look instead of red; they were a coat of white paint with large black splatters. The malfeasance was just one visible sign of the Montreal firefighters' simmering contract dispute with the city—a battle that, since December, has included acts of sabotage and, in one bizarre instance, the dooming of a firefighter's office with animal urine. “We’re not going to take this type of harassment,” city councillor Gerry Weiler told *Maclean’s* last week as the two sides headed with a Quebec provincial-appointed mediator. Weiler, the city’s executive committee member in charge of the fire department, added: “These types of indiscriminate acts are totally unacceptable. And there is absolutely no sympathy in the population for this kind of activity.”

Maybe so. But Montrealers are growing increasingly familiar

with them. The dispute is only one of several bitter chapters in the city’s relations with its firefighters, who currently number 3,540. The storied history includes an infamous weekend strike in 1974 during which fire crews and firefighters stood idly by and two pending lawsuits by the city against the Montreal Firefighters Association. In the current conflict, the city has adopted a tough line, warning a court to banish against the pressure tactics, which had descended by week’s end. The city has also warned that it may try to get the union to decertify if the acts continue, as well as the annual strike incident and repeated fire trucks, militant firefighters have allegedly punctured fire hoses and disabled computers used to dispatch calls. Police are also investigating the city’s claim that a security guard was stuck in a room at a west-end fire station for a few hours after firefighters sealed off the lock-shut.

Sabotage tactics—overruled that many observers classify as minor. As recently as last April, when Montreal firefighters finally approved a contract after 36 months of fractious negotiations, Naouel Elgaray, president of the city’s executive committee, heralded the opportunity to “finally turn the page and begin an era of harmonious relations.” It was not to be. The current dispute broke out a mere eight days later, just before Christmas, largely over the interpretation of some clauses in the contract. For example, the union contended that the city is compelled to hire 17 firefighters immediately to maintain a quota of 1,257 on staff, while the city says it only needs to meet that figure once a year.

Publily, the union has, for the most part, spoken through actions, not words. Gaston Faure, head of the firefighters association, has made few statements recently and did not respond to a *Maclean’s* request for an interview. But among rank-and-file firefighters—in

have been ordered by their union not to talk to the media—anger runs high. During an afternoon sit-in at one fire station, firefighters quietly expressed their concern over the tortuous nature of labour relations with the city—and accused Montreal politicians of continually renegeing on collective agreements. “It’s always like that,” grumbled one 25-year-old firefighter. “We have to fight to win what we’ve already signed.”

How did relations between the two sides sink this low? Deputy fire chief André Bruneau has a theory—which points the finger at the union. “They developed a confrontation attitude,” he contends.

“They say the only way to win things is by confrontation, and that’s why we’ve gotten here.” But Montreal may have helped foster that belief, according to some experts. “The city has always been quite loose in the way it manages,” says Michel Gossé, a professor at the University of Québec à Montréal and labour relations expert who served as a mediator in 1995 during a long-running workers’ dispute. By making concessions over the years that faced with some major pressure tactics by its unions, Gossé says, the city sent the message “that those kinds of actions could pay off.”

During the contract negotiations that ended last April, tempers also ran high. Firefighters plastered fire trucks with stickers—some of them featuring Mayor Pierre Bourque with devil’s horns. The city also alleged that variable-priority zones of fire hoses became more frequent. And Bourque’s Vision Montreal administration has shifted to a more traditional approach. For example, fire crews in the city suspended 43 firefighters from one station after they refused to clean up their painted fire trucks. Faced with the threat of discharge, the firefighters returned to work, and by mid-November officials announced that firefighters had agreed to restore a schedule that had been delayed.

Some opposition critics believe the city’s fractious relations with its firefighters need to be publicly examined. “It’s been going on for too long,” declares opposition councillor Richard Thériault. “It’s costing us a lot of money.” The city is trying to recoup some of the losses Montreal is incurring for the 390,000 it spent last year to repair fire-fighting equipment, and has also launched a \$1-million lawsuit against the firefighters’ association. As for the current conflict, officials estimate it will cost almost \$300,000, including the hiring of security guards at fire stations to protect fire trucks. The city has already sent the association a notice holding it responsible for those costs as well.

The firefighters, meanwhile, appear to be losing the public relations battle. For the most part, Montrealers hold them in high esteem for risking their lives for others. But on the streets of the city’s hip Plateau Mont-Royal district last week, several residents insisted that, in the latest confrontation, the firefighters had gone too far. “The first thing that bugs me is what they are doing with the equipment,” complained urban designer Benoit Beaudoin. “It belongs to us.” Gilbert Lepage, a free-lance television drama producer, called the union’s tactics “inane, ignorant and dangerous—I don’t think there is the least to earn that kind of provocation now.” Editorial opinion has not been favorable either. One *Le Presse* editorial questioned how firefighters have failed to see that the “perfect sabotage”



Paint-splashed fire truck, punctured hoses, disabled computers—and no office cleaned with animal urine

Miltacy certainly runs high among the city’s unions. Last February, for example, thousands of municipal employees, including blue-collar workers, defied an order to provide essential services, and bailed off from work soon after joining city leaders over a proposed special law to roll back wages. But in Montreal, confrontation has a long history. Twenty-five years ago, in one of the most devastating instances, firefighters staged an illegal three-day strike over demands that the contract be reopened to compensate them for partaking in a strike. During that so-called “Holstein Week” in October, 1974, some 15 fires left at least 200 people homeless—and suspicion that some of the fires had been deliberately set by the firefighters. “It was a shock,” recalls John Saling, then a Montreal district fire chief who, like other managers, was called in to replace the strikers. Saling, now retired and living in Ottawa, adds: “I didn’t think we’d see that many fires.” Neither did the others. The late Nick Auf der Maag, a popular columnist at *Le Journal*, wrote in 1994 how former premier Robert Bourassa watched the gloom first from his office in the Hydro-Québec building and considered the situation sheer madness.

In recent television drama producer, called the union’s tactics “inane, ignorant and dangerous—I don’t think there is the least to earn that kind of provocation now.” Editorial opinion has not been favorable either. One *Le Presse* editorial questioned how firefighters have failed to see that the “perfect sabotage”

It remains unclear how many firefighters have been involved in the recent sabotage. And some observers question whether the union has adequate control over its members. (Jauvin recently criticized his rank and file over the pressure tactics and asked them to respect the court’s injunction.) But city officials have also come out in defense for their handling of the dispute. The manager, who was scheduled to return to Montreal last weekend after spending 14 days touring China with a Montreal business delegation, has been criticized for not playing a greater role in resolving the problem. Bourque has been interviewed with the population’s commensurate and where is he?” says opposition councillor Hélène Pélissard. “He’s in China, chalking up more air miles.” Montreal’s long history of contentious labour relations has shown that disputes can all too easily erode into open defiance. □



Funeral for the nine avalanche victims; recovering the bodies (below): a place where you don't really escape things

Bearing witness

In Kangiqsualujuaq, people mourn their loss

Last week, the people of Kangiqsualujuaq, Que., held a funeral service for those dead. Just after 3:30 a.m. on New Year's Day, nine people—five of them children under the age of 8, and seven on snowshoes—slept down on the Samson School as local residents celebrated in the general store. Sekand Jennifer from Lester was there when tragedy struck. Her account of the disaster and its aftermath:

How do you talk about a mother digging furiously in the snow with her bare hands to find her child? How do you describe the pain in the eyes of those who held their loved ones' frames and swollen bodies in their arms? How do you describe the disbelief that numbered all our faces and hearts? The children were playing at the empty space in the middle of the room. A dance had just finished, a few minutes before, the community had offered some prayers. Someone spoke of happiness and joy. We also resolved to put behind us the difficult losses from last fall—losses drawings that the families couldn't forget, at this time of celebration. And there—no body can ever adequately describe the incomparably powerful wave that covered everyone in its path and refused to let go until that protection was lost.

But Kangiqsualujuaq is a place where you don't really escape things. They come at you strong: when it's cold, it's really cold, when you feel isolated, well, you really are. Everything is a little more powerful, probably because you don't have things to distract you from certain realities. In many ways it can be a hard life. You don't have everything handy



all the time. You can't find all the supplies you want. If someone is very sick the doctor isn't near door—it's 300 km away and the specialist is 1,600 km away. Things are harsh—but you could argue that life is easier because we don't have a lot of things that make life difficult in Montreal or Toronto. For example, in our school we don't have mandibles, or very little. We don't have teenagers fighting and being really violent. I always considered us to be very, very fortunate.

Now, the children, several of whom witnessed the disaster, are quoted by it. Not only did they see people burst before their eyes, but it all happened in their school gym. Several of them were buried themselves, trapped for long minutes in the snow. They heard the cries of distress and pain. They suffered in their bodies, their minds and their hearts. It will take a lot of love and warmth to save all those wounds. People will carry the loss with them—but they will probably say it had to happen. In Inuitland, people say agayavut, which means it is something beyond your control, something you can't do anything about. I think that will be the way people will react.

There is not much difference in the North because it is windy all the time. But the night after the funeral, the wind was down and the evening was beautiful, cold and crisp. The only movement was in the air. You could see the northern lights moving around the horizon. People here generally believe that if you whistle at the northern lights, they'll move and respond to the whistling. I was looking at them in my own way. It felt a little bit like they were alive—and they knew about what happened. When you looked up there after that hard day, it appeared as if there was something bright and good right above us—and we were back in the normal feel of things. □

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Visions of sugarplums

Neither side will elaborate on the details of what was said, other than to say that the meeting went "well." "So you can be the talk get a little trashy one night," last November when After Dark and Paul Martin gathered with their deputy ministers and top political aides in a Ottawa restaurant to discuss money. Specifically, Health Minister Ricki Rock wanted to know just how much new federal cash was going to be available in the 1999 budget, which the Liberals have repeatedly promised will be remembered as the moment they started to "rebuild."

All the time, the federal treasury seemed to be gambling money. The finance department's own reports put the surplus at \$10 billion in the first half of this fiscal year, and Martin was having an even harder time convincing his cabinet colleagues to stop out of their ingratiating reserves of low to spend it. Money is still tight, he even told dubious economists from the Prime Minister's Office who wondered why Martin continued to cry poor. And who knows what impact all those fittering Indonesians and Russians will have on us? That's what Rock heard from Martin, too, health budget or not, lower your expectations.

Rock has always worried he would be seen to get richier crumbs for health care from Martin, and his silence must have descended over the following weeks as the Liberals announced two new patients that reduced the available money even more. The first was Martin's cut in Employment Insurance premiums by 15 cents, a seemingly innocuous amount that will still cost the government \$1.1 billion a year in foregone revenue. The other was the creation of a nearly \$800-million income support program for families hurt by the drop in prices for commodities like hogs. Both decisions shared one thing: they were designed to soak off a growing political problem, since the Liberals are becoming more willing to set aside fiscal prudence at any rate of trouble.

To take the EI cut, Martin has never believed—in fact, he argued furiously against—the theory that Canadian payroll taxes are an obstacle to job creation. His aides never grow tired of reciting the

true but unlikely room full of East Coast business people for a show of hands from those who would hire new workers if Ottawa cut EI premiums. Not a pulse went up, and Martin remains convinced there is far more benefit in a single period of income tax cut than in lowering less visible taxes.

But as the EI account swelled to \$10 billion last fall, opposition parties and some premiers started accusing Martin of "spending" money from Canadian taxpayers, not a word he liked. By December, all that was left to decide was how big the EI cut should be—not so great that it would take a big chunk of the surplus, yet large enough to force critics to stop calling him a thief. Martin settled on 15 cents, which seems to have bought him some peace for now.

Then came trouble on the firm. Nothing scares politicians as much as the ranks of voters claiming they are about to go broke. Hogs were being shot or gassed by owners who apparently could not afford to feed them and they could be properly butchered for a profit, and it didn't help that stories of the state gift of dead hogs was being used as TV newscasts with the same frequency as RCMP paper spraying methane.

Christie agreed to the support package with a sense his ministers could only scratch. Rock has since told roughly how much money to look forward to in February's budget, and seems satisfied that he won't be seen to have failed but that the pre-Christmas indication of how the Liberals plan to govern in the post-deficit era is as strong, especially at a time when they want to change federal accounting rules to get their hands on any surplus money at year's end. Currently any money left over must be used to pay down the federal debt, and the Liberals can think of far more pleasant ways to deal with a windfall. If anything, they hope to be paying down debt when Canadians are crying out for health spending or tax cuts.

Sounds reasonable. But the danger is that governments are not always able to their spending choices. Future surprises could easily become a sort of shark kind, available to maul any newly emerged political problems. Like, for example, when there is a land claim calling the finance minister a thief



Top left: Bruce Wallace



Bottom left: Bruce Wallace



Top right: John G. Scott
Bottom right: John G. Scott

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Canada NOTES

UNITED—AND DIVIDED

Organizers for next month's United Alternative conference suggested, as one option, forming five regional blocks within a loose confederal party. The Reform party would form the core of the blocks in British Columbia and the Prairies, with the Liberals carrying the weight in Atlantic Canada. In Ontario, the proposal calls for Tories and Reformers to unite, and in Quebec, for a new organization. The movement is aimed at forming an alliance of conservatives to defeat the Liberals.

DOWNSIZING THE NFB

A committee of film-industry insiders recommended that Ottawa drastically shrink the National Film Board and turn much of its \$50-million budget over to Telefilm Canada, the federal body that funds privately made movies.

TERROR IN THE NIGHT

Corporal Imeyer Schuyler (Shayndi Siegel, 42), and his wife, Lynn, 37, were kidnapped after someone hit their Mercedes from behind as they drove to their affluent Toronto neighbourhood at night. When the couple stopped to check the damage, a man with a gun and two others forced them into the trunk of their car. They were held captive in an apartment, bodily beaten (Schuyler's jaw was broken) and forced to hand over the keys and security codes to their \$1.4 million home, which was later ransacked. They escaped the next day after their guard apparently fell asleep. Police later arrested a 39-year-old boy and were looking for two men in their 20s.

GOOD SAMARITAN?

Independent Saskatchewan M.L.A. Jack Gaethan, accused of paying a teenage prostitute for sex, testified that he was merely trying to help a 14-year-old, a sitter after she flagged him down. Gaethan, 86, said the girl told him she was in trouble for running her car into a police car. Police found the 16-year-old dead in the parking lot of an abandoned factory.

SILVER LINING

In a tense overtime affair, Team Canada lost the gold-medal game to Russia at the world junior hockey championships in Winnipeg. But the silver medal represented a return to former times for the Canadians, who had won gold for the straight years before tumbling to a humiliating eighth-place finish last year.



CULLING THE SEALS:

Newfoundland released a study suggesting the harp seal population can withstand a one-time cut of two million animals next year. That would reduce the herd to between 3.5 million and four million—still big enough to sustain future annual cuts of 275,000 seals, the study concluded. But an earlier report suggests that current kill limits are unsustainable because of the number of dead seals that go lost and uncounted. Federal Fisheries Minister David Anderson set this year's quota at 275,000, the same as last year, according to the International Fund for Animal Welfare. "As many as 500,000 seals have been killed in each of the last three years, putting the seal population at risk," the IFAW said.

An overhaul for immigration

Immigration Minister Lucienne Robillard released Ottawa's suggested changes to Canada's immigration policies. Among the proposed measures to attract more skilled newcomers, prevent the entry of war criminals and the building of refugee camps and amend the definition of spouse in family reunification cases to include common-law and same-sex partners. The new rules would de-emphasize the importance placed on current occupations and focus more on immigrants' general levels of education, experience and employable skills. And Ottawa aims to shrink the current backlog of 23,800 refugee cases by instructing the Immigration and Refugee

Board to streamline its rulings process. The board currently holds three separate hearings to decide whether a claim is valid, whether a claimant would be at risk in his home country, and whether he should be allowed to stay in Canada as an humanitarian grounds. Under the proposed changes, those rulings would be made in one sitting. Noteworthy is the absence was last year's proposal by an independent advisory group that immigrants be proficient in English or French. After a divided response from immigrant groups, Ottawa shelved the language requirement and opted instead to widen extra points to applicants who are fluent.

Murder and insanity

Robert Crank, 29, was charged with second-degree murder in the stabbing deaths of Marita Zec, 37, and her companion Leslie Debra Headlee, 39, on New Year's Day in Winnipeg. The crime touched off public outrage because in 1985 Crank and another man were convicted of first-degree murder in another

killing. But in 1990, the Supreme Court of Canada threw out that conviction when it broadened the definition of criminal insanity in a landmark decision. The court ruled the two were not responsible if they did not understand that their act was morally as well as legally wrong. During the appeal process, a psychiatrist testified the pair believed they could raise the dead, talk to the devil and become invisible.

WORLD

ment with profound arguments as Jan. 31. Then on the 14th, the House prosecutors led by Hyde will start to lay out their case. They will have 24 hours—spread out over three or four working days—to argue that the Senate should and Clinton guilty on the two articles of impeachment that the House adopted on Dec. 19. The first charges the President with committing perjury when he testified last August before a grand jury and denied that he had “sexual relations” with Lewinsky in the Oval Office. The second accuses Clinton of obstructing justice by, among other things, urging Lewinsky to “be about their affair and using Clinton to hide evidence from Starr’s grand jury.”

Then, Clinton’s lawyers will also have 24 hours to present their defense. After that, senators will have 16 hours—about two working days—to question both sides by submitting written questions to Rehgquist. At that point, the Senate will decide whether to adjourn the trial and effectively dismiss the case—a decision it can take by a simple majority of 51 votes. And it will also vote on whether to accept deposition transcripts. Before any witnesses actually appear on the Senate floor, a dramatic and risky move for both sides, the Senate would have to take one yet another vote. The bottom line: witnesses may eventually be called, but it will take two majority votes by the Senate before that happens.

If that happens—and that remains a strong possibility—what begins this week in an atmosphere of determined cross-party harmony may just turn sour. Lotz held out the possibility that the entire trial might be wrapped up by Feb. 3 or 12 (lawfully, it will be ongoing when Clinton delivers his annual state of the union address to Congress on Jan. 20, unless he decides to postpone it until afterward). But if witnesses are allowed, it could be prolonged for many more weeks. If, for example, the Senate allows the House prosecutors to call witnesses, White House lawyers are certain to fight every step of the way and insist on calling witnesses of their own. Weeks could be consumed in taking depositions from witnesses, or filing legal petitions challenging testimony against Clinton. It’s a no-win situation, said Republican Senator John McCain of Arizona. “Things can blow up in his [sic] face,” Bryan Dorgan, a Democratic senator from North Dakota, warned that allowing witnesses may push the trial well into spring. “I don’t want a four-month trial,” he said, “and that’s where you’re going if you go down that road.”

And all the wags and frogs, however, it was easy to forget that there is still very little chance that Clinton will be convicted. Whether in two weeks, two months or longer, senators will eventually have to stand by their desks and answer as the chief justice asks each in turn: “Is the respondent, William Jefferson Clinton, guilty or not guilty?” It would take 67 senators to convict the President, meaning that at least a dozen of the 43 Democrats would have to join all 53 Republicans to throw him out of office. Barring a totally unforeseen turn of events, there, Clinton will be acquitted. All the procedural twisting of last week and the weeks to come is, in the end, simply about how to get from here to there. □

ENTER ELIZABETH

In the age of Monica Lewinsky, it might not be considered an advantage for a woman to know around Washington as “Sugar Lips.” But Elizabeth Hartford Dale, wife of Rep. Bill and rising political force in her own right, was the nickname the old fashioned way—through her ability to sweet-talk legislators into swiving things her way. For 32 years, she has been on a succession of increasingly important jobs in Washington, culminating last week in her decision to seek as president of the American Red Cross and, almost certainly, seek the Republican presidential nomination next year. If she goes ahead, she will be one of only a handful of women to run for president. And for a party that struggled to win support among female voters, that alone is enough to create an instant bubble of support for her.



Born after witnessing her Red Cross departure, instant support

late-comer role for himself as avuncular humorist and celebrity salesmen. Elizabeth Dale does run, her husband may have to reconsider some of the lucrative contracts he has signed to promote an array of products—notably the male potency pill Viagra.

The contest for the Republican nomination is already getting crowded. Missouri Senator John Ashcroft, a host of Christian conservatives, says last week he will not run, leaving a potential opening on the right. But several others are preparing bids—including conservative activist Gary Bauer, former Tennessee governor Lamar Alexander, publisher Steve Forbes and former vice-president Dan Quayle. Bush is also engaged in public posturing about a presidential run, and would enter the race as the clear favorite. Aside from Dale, the strongest new entry is Arizona Senator John McCain, who has set up an exploratory committee to raise money for a campaign. Experts say serious candidates will need at least \$20 million (\$2.5) by the end of 1999.

McCain, also 62, is a pro-life conservative who may be more popular with the general public than he is with the Republican activists who choose candidates in primary elections. A U.S. Navy pilot, he spent 5½ years in a Vietnamese prisoner-of-war camp. When he first ran for Congress in 1982, his opponent challenged him as an out-of-state carpetbagger. McCain replied that “the place I’ve lived longest is Hawaii”—a remark that silenced his critics. He has a consistent conservative voting record in the Senate, but has alienated his Republican interests by supporting campaign finance reform and fighting the tobacco industry. And he has a past: his first marriage fell apart after he returned from Vietnam and cheated on his wife. That, however, may not much matter. McCain plans to tell his story next fall in an autobiography titled *Flesh of My Father*, bursting his aura as a bona fide war hero. In that area, even the most talkative Dale can compete.

Andrew Phillips



ANDREW PHILLIPS Washington

When things go right

It was the best of times, it was the worst of times. The familiar words are those of Charles Dickens, describing the London and Paris of 1873 in *A Tale of Two Cities* but they apply equally well to end-of-the-millennium America.

The “worst” part is easy—low tax rates and the inner sanctum of power. Trade policies and ideological tendencies. Massacres. Lewinsky. Larry Flynt. Cages and the mess on the deck. Need we say more?

The best of times are not so obvious, but they do get touted explaining why most Americans have reacted to the scandals in Washington with a collective shrug. The conventional explanation is that it’s the economy, stupid. Who cares about Paul Jones, went last year’s winter, when the Dow Jones is doing so well? And of course it has done wonderfully—up 16 per cent in 1998 alone. The U.S. economy continues to defy gravity. Jobless growth, annual growth unemployment of 4.3 per cent, inflation at a nominal 2.5 per cent. All that might be enough to keep Bill Clinton popular. But there is so much more.

In fact, it’s the whole society that’s changing. There are compelling signs that things are going right in a whole range of areas and for the great majority of Americans. For the first time in a generation, the most important indicators of social health are all pointing in the right direction. Most have changed—crime, welfare dependency, illegitimacy, teen pregnancy and suicide, abortion, divorce, drug and alcohol use, pollution—are in decline. Many of the good things—level education and health, living standards, prosperity for most—endured groups such as racial minorities—are on the rise.

Admittedly these trends go against the grain for many people. Liberals don’t want to seem complacent; they prefer to dwell on the social problems that remain, such as persistent poverty and racial tensions. Conservatives enjoy appealing themselves with visions of modern America, technology and individualism. Even Canadians have an angle we like: the sun is rising, we get to losing south and dominating over the winter, and hopefully we see from Los Angeles to New York City. But two new developments, one from the left and one from the right, offer countering arguments that the doomsayers are behind the curve. The liberal *New Republic* goes home to what it calls “America’s 1990s” in an issue whose cover bears a map of the United States made out of steaks (aren’t they a single living being—bovering over Washington). And the cover of *The American Enterprise* published by a conservative thinktank, poses the question “Are Americans Turning Conservative?”

Left and right, naturally, disagree on the causes of all this, but the general pattern is clear. From roughly the end of the 1960s, things

began to go badly wrong. Crime rates soared, along with drug use, inner-city decay, and a breakdown in family life (divorce rates rose, it did the numbers of out-of-wedlock births and children raised without fathers, usually in poverty). The backlash against those trends gave rise to the modern conservative movement and fuelled the neoconservative mood of the 1980s and 1990s. Now, the editors of *The American Enterprise* write, “The alarms bells rung by cultural conservatives seem to have been heard by many Americans, and a new pattern of recovery and even reversal has emerged.”

Whatever the causes, it is hard to correlate with the results. To be sure, the United States of 1999 is not more crime-plagued and socially troubled than Canada or Europe—or the United States of 1993. But since the early-to-mid-90s, most trends have been going in the right direction. Some of the numbers went crazy: passenger seat fatalities in 1997, to the lowest level since 1965. New York ended 1998 with 528 murders for the year—the lowest number since 1984 and a huge drop since numbers there peaked at 2,026 in 1990. Juvenile drunkenness is down in 1998, 72 per cent of high-school seniors reported consuming alcohol recently, only 34 per cent did so in 1990. Teen pregnancy has declined—since 1993 (it fell to the same level in 1973 after rising for almost two decades).

The number of people stuck on welfare is way down—by a dramatic 40 per cent across the United States since the peak in 1994. Families are more likely to stay together: the divorce rate started up in 1985 and has slowed slowly but steadily since then. Even the number of people attending church and saying that religion is important in their lives is up. Thebridge economy makes it easier for good things to happen, but it doesn’t explain everything. During the Reagan boom of the 1980s, it was possible to argue that the United States was becoming a *Beaute of the Nineties* society—the rich were getting richer while the poor were left to fend for themselves in crack-infested, gang-ridden ghettos. The difference in the late 90s is that things are getting better for almost everyone—including poor Americans and black Americans.

Not surprisingly, then, Americans don’t find much to complain about. Christians may have done little to make things better, but from keeping Alan Greenspan at the helm of the Federal Reserve Board and adopting conservative ideas like welfare reform as its own. But they benefit from the *Being There* factor—it’s in office so he gets the credit. And all the good news makes his conservative Republican critics seem barely out of touch as they Eli the aeronauts with illustrations about moral decay. Ordinary Americans are wiser. They know that these are the good old days.



Making right at an Elkins Archetype, Texas: a collective public art

Photo: AP/Wide World

Photo: AP/Wide World

Photo: AP/Wide World



WORLD ISRAEL

A military campaign

Call it the battle of the paratroopers. All three leading candidates for prime minister in Israel's May 17 elections—Binyamin Netanyahu, Ehud Barak and Avi Dichter—have their wings and red berets in the country's legendary special operations units. All of them fought, together or separately, some of the most intense battles during the 1970s resounding liquidation airline passengers terrorism, killing Beirut kidnappers, Syrian intelligence officers. And despite the far-off election date, all three have already begun to wage military-style campaigns—which in Israel means lightning attacks, staying quick on your feet and fighting dirty when you have to.

Shabtai, who only grew up in his chief of staff's uniform in December after six months leave, fired the first salvo in a press conference last week, launching his much-anticipated bid as the head of a new centrist party. "Netanyahu is a danger to Israel," he declared. "Netanyahu must go." The prime minister responded by accusing Shabtai of the kind of "incuriosity" that ended with the assassination of Labour prime minister Yitzhak Rabin in 1995. Shabtai's broadside, commented political analyst Menachem Shalev in the popular daily *Ma'ariv*, defined the essence of the election. "It is not a struggle between ideologies," he wrote, "but a referendum, a very personal one, at the centre of which lies Netanyahu's personality."

Netanyahu, 48, was forced to go to the polls 18 months early after losing his parliamentary majority and for failing the trust of many of his own Likud party members and MPs. After struggling to hold a worn-party coalition of

Netanyahu greets the Reich at the Western Wall as Netanyahu: a formidable contender

and making little Netanya block in 'The Shabat', Labour carries too much historical baggage, especially among the half of the population whose families originated from Arab countries and will henceforth comprise the European-dominated party for the coming election of them. Most voted for Netanyahu last time. Shabtai believes enough of them might back a new face, convinced a dialogue and mutual respect, to give him a chance.

The amiable, articulate Shabtai's main claim to the office is that he is neither the divisive Netanyahu nor the cocky Barak, and is untroubled by the grime of politics. He tries to look tough and sometimes sounds a bit cynical, veteran military commentator Ron Ben-Yishay told *Haaretz*. "But he's a mild person who can very easily control what he wants them to do. He's very much in control of himself, though it's very easy to hurt his feelings."

Shabtai projects himself as Mr. Nice Guy, healing the rifts in Israel's turbulent society. He acknowledges that the Palestinians are on their way to a state, but says he will make sure it doesn't threaten Israel's security. He is ready to trade territory for peace with the Syrians, but won't comment beyond on how much. He won't pull Israeli troops unilaterally from the death trap of South Lebanon, but will negotiate an orderly withdrawal.

A Galap poll published the morning after he launched his campaign found Shabtai trailing Netanyahu and Barak in a three-way contest—with Netanyahu at 35 per cent, Barak at 32 and Shabtai at 30. But the results also suggested that Netanyahu would lose to either of the other two in a runoff, scheduled for June 1 if no candidate gets 30 per cent first time out. Netanyahu also faces challenges from the right—especially from ultraconservative Benny Begin, son of late prime minister Menachem Begin.

Shabtai's established rivals hope the long campaign will show up his political inexperience. "Shabtai is a man to his left—36 who has hardly had one day as an ordinary citizen," says Yossi Beilin, a former Labour minister. "I am not prepared to take the risk, just as no one would be prepared to be a passenger in a aircraft I was piloting before I had learned to fly."

Netanyahu, meanwhile, remains a formidable contender who is often seen as more popular with the people than he is with other politicians. The voters still have four months to decide.

ERIC SHRIER in Jerusalem

World NOTES

CHAOS IN SIERRA LEONE

Thousands of people flee Freetown, capital of the west African nation of Sierra Leone, as rebels stormed the city in the latest chapter of an eight-year civil war that has left nearly 10,000 dead. The insurgents ejected a truce proposed by elected President Ahmed Tejan Kabbah and vowed to battle Kabbah's west African troops defending Kabbah's government.

CANCELLING DOOMSDAY

Israel issued deportation orders against 14 members of a Denver-based doomsday cult known as the Community Christians. Officials said the group intended to provoke violence in Jerusalem as the year 2000 approached, possibly by assassinating a leading political figure. The cult believes a massive upheaval could usher in the second coming of Christ.

SAMARANCH DENIES BRIBE

Saying he is routinely presented with gifts, International Olympic Committee president Juan Antonio Samaranch claimed he did nothing wrong by accepting firearms worth more than \$2,000 as part of Salt Lake City's winning bid for the 2002 Winter Games. But two top officials of Salt Lake's organizing committee resigned amid reports of payments to IOC members, including a \$400,000 (U.S.) scholarship fund for relatives.

IRAN ARRESTS AGENTS

In a rare admission of official graft, Iran detained an unspecified number of intelligence ministry officials over the slayings of five dissident writers and politicians. The five, killed late last year, were all critics of the regime's clerical clergyman. While Tehran claimed the agents were working for foreign governments, the arrests were clearly part of the power struggle between moderate President Mohammad Khatami and the conservative mullahs.

BUSTED IN NICARAGUA

Six Canadians were charged with drug trafficking after Nicaraguan police deduced what they and was a massive marijuana plantation. Only Guy Boyle, 45, of Burlington, Ont., was held in jail, but the government said it may seek extradition of the five other Canadians and an American. The group claimed they were growing industrial hemp, not marijuana, and had government approval.



A ROYAL WEDDING:

Prince Edward, the youngest son of the Queen, poses with fiancée Sophie Rhys-Jones in London after announcing their engagement. The couple's five-year romance began when Rhys-Jones, a public relations expert, handled the publicity for the prince's charity tennis match in 1993. In contrast to the high-profile nuptials of his two brothers, the two wives to hold a smaller wedding this summer. Many of Britain's aristocratic royal watchers predicted that this his sister Anne and Prince Charles and Andrew, would and in divorce, Edward amicably disagreed. "We are the best of friends," he said, "and we happen to love each other!"

A UN spy scandal over Iraq

A U.S. and British jet fighters continued bombardment of Iraqi phosphate mines aerial batteries. British leader Saddam Hussein appeared to score a major political victory over America when it was revealed that United Nations weapons inspectors had spent on Iraq U.S. officials identified that American agents, working with the inspection team, had installed sophisticated eavesdropping equipment in the very heart of Hussein's security apparatus in Baghdad and interceptied coded radio communications for almost three years. According to the Americans, the UN team agreed to install the equipment when it became apparent that they would have to use covert methods to determine where Hussein's cache of chemical

and biological weapons might be found. The revelations, which first appeared in The Washington Post and The Boston Globe, drew a wedge between the United States and the UN Security Council, which is increasingly divided over whether to hit trade sanctions on Iraq. U.S. officials are concerned that Iraq's friends on the council, such as Russia or China, could use the spying controversy as an excuse to try to end the economic embargo without Iraq first meeting its obligation to disarm. Irreconcilable, sought to put the disclosure to a public relations bonanza. It called on UN Secretary General Kofi Annan to renounce all American and British UN employees from the country, calling them "spies and saboteurs."

Hoop dreams resume as the NBA settles

The National Basketball Association finally ended a player lockout that shut down the game for 13 weeks. NBA owners and the players' union agreed to split \$2 billion (U.S.) in annual revenues 55 to 45 in favour of the players while placing a \$14-million cap on salaries. Stars who already make more can get 106 per cent of their previous year's pay, while rookies' minimum wage is now \$225,000. The deal was struck only after the league canceled the first 32 games of the season, play will resume on Feb. 5. For the Vancouver Grizzlies and Toronto Raptors, the priority is winning back fans. "It's going to take time," said Vancouver forward Shaquille O'Neal.



Business

A WEB OF GOLD

BY JENNIFER HUNTER

On the morning of Wednesday, Dec. 26, 49-year-old Jack Berkovits did what he usually does when he is vacationing at his condominium in Miami Beach, Fla.: He turned on the television to place at the cable news network CNBC, then settled back in his chair. At the bottom of the television screen, CNBC was flashing an electronic ticker tape, noting stock prices. Berkovits saw the stock symbols URAF (Online Art) and YHOO (Yahoo Inc.) flicker by, then he saw D.G.JL, the Nasdaq symbol for his own Toronto-based company, D. G. Jewellery of Canada, Ltd. "It was showing 75," Berkovits recalls. "I thought there must be a mistake." Earlier in the week, D.G.'s shares had been trading at \$3.50 (U.S.) and Berkovits couldn't figure it out. "So I picked up my phone to dial my valuer [part]. There were 20 messages." Most of them were from U.S. investment bankers thanking him for raising money for their clients. "I sat there stunned, absolutely stunned," he says.

By 10 a.m., D. G. Jewellery had flown to \$9.60 and Berkovits' own

**Internet retail
is in a frenzy,
but will the
bubble burst?**

brokers began to get caught up in the enthusiasm, believing the stock could hit \$85. The reason for all the delirium about a hitherto unknown jewelry manufacturer and wholesaler? D.G. had just announced that it would market its rings, bracelets and necklaces over the Internet. The shares were then swept up in the euphoric trading of stocks of companies selling goods and services on the Web, a craze that had gripped U.S. financial markets since the late fall. Berkovits had no idea when his company would hear the news: releases at 8 that morning, what the impact would be. "I thought the reaction was intense," he now says. "The issued press releases about my company that would have taken the stock to \$20, but there was never even a blip. This time, all I did was say we were going on the Internet." He pauses, chuckles, then adds facetiously: "I'm looking now to make more Internet-related announcements so no one has to wonder what they are."

It does seem that anything involving the Internet can drive investors wild. Shares of companies that no one ever heard of before have doubled or even tripled in value, companies such as Bakers Dozen Inc., a Riverside, Calif., outfit that is selling motorcycle parts on the Internet, saw its stock jump 167 per cent to \$6.84 on Dec. 29

D. G. Jewellery's Ben (left), Jack and Dan Berkovits' stock took off on news they had launched a Web retail site.

After SkyMail Inc. of Phoenix, which sells mid-tier merchandise through catalogues and on the Web, measured online sales during the Christmas period would be \$1 million (U.S.), up 500 to 525 million. The forecast for the number of firms on the Internet is so great that it seems off. A U.S. company needs to do a few things to start up a Web page: "It's our own website," says Toronto Internet consultant Rick Broadhead. "Just add .com to your name; release and you're likely to do well with your initial public offering."

Shares of other, well-known Internet-related companies such as the virtual bookseller Amazon.com Inc. of Seattle, the online flea market eBay and the Internet service provider America Online Inc. of Dulles, Va., have soared through the stratosphere. The capitalization of AOL is about \$70.8 billion (U.S.)—far greater than that of Walt Disney Co.'s valuation of \$62.5 billion. In late December, Charles Schwab Corp. of San Francisco, a discount broker that does a lot of business online, passed ahead of Wall Street stalwart Merrill Lynch in terms of capitalization. And the value of all the shares outstanding in Amazon.com, founded in 1995, is \$20 billion, double the capitalization of one of Canada's oldest banks, CIBC. Shareholders who bought Amazon stock early last year may be rubbing their hands with glee: the share price has risen more than 900 per cent—even though the company—which reported Christmas revenues of \$250 million—has yet to turn a profit.

Canadian companies, other than D. G. Jewellery, have logged onto the Internet Friday, too, including mutual fund company Alberta Investment Services Inc., which just launched Alberta's E-Business Fund to invest in e-commerce

stocks, and the Royal Bank, which has just bought a small U.S. Internet stockholder, Bell & Howells Securities of New York City. Perhaps the best example of the e-store Internet fever could be found in news last week that a Luxembourg-based company operating a Web site called jeans2000.com plans to go public. The company, Veneto Capital Technology Operations Holdings AG, claims it can convert the entire range of jeanswear merchandise into reusable plastic.

Some market watchers wonder when the stock market will stop. "I don't think it can continue indefinitely, but when it will stop is anyone's guess," said Broadhead. The true skeptics make comparisons to the Dutch tulip bulb craze in the 1640s, when Netherlands' growers for the then-exotic bulb pushed prices to ridiculous heights before the market crashed. Others point to the corporate pyramid scheme of K-Tel International Inc. of Minneapolis. Investors invested over K-Tel after it announced in early December it would sell itself over the Net, but two weeks later, NASDAQ threatened to delist it because the company did not have adequate assets.

"It's very dangerous time in the stock market," cautions Jim Tillquist, a specialist in e-commerce who teaches business at the University of British Columbia in Vancouver. "We're seeing stocks that are way overvalued and based on pure speculation." Jim Carroll, who co-authored *The Canadian Internet Handbook*, argues the e-commerce stock fad "defies logic." He concerns that within the year there will be a major crash of Internet stocks and that will lead to a significant sell-off.

There are signs that rationalism is seeping into the market. Prices of some stocks have already come down. Charles Schwab shares fell last week by about four per cent when the market tested the valuations of it and other online brokers were over the top.

Still, appetites continue to be fed by the Web's expansion in a mass retail market, a phenomenon now known as "e-tailing." James McIntryve of Cambridge, Mass.-based Purchaser Research says U.S. Christmas sales over the Web were \$3.5 billion, and 2.2 million American households shopped the Web for the first time during the fourth quarter of 1998. "Internet commerce has tripled this year," he says. "There is no other industry that can say that. This is a big deal and it will continue to grow." He figures e-commerce will continue to move to more than \$300 billion (U.S.) by the year 2003. David Pecaut, senior vice-president and head of e-commerce practice at Boston Consulting Group, says a study by his firm and shop.org, a trade association for online retailers, shows rev revs of Web retailers were more than \$13 billion in 1998 and are growing in North America by 200 per cent each year. The big winners: travel, computer parts and entertainment.

In the United States, AOL reported Christmas sales of \$1.2 billion were made over its Internet service. But the phenomenon has not yet taken hold in Canada. "The market is not as mature in Canada as it is in the United States," says Stephen Barlow, managing director of ADE Canada. Only 11 per cent of Canadian households—5.5 million homes—are online, compared with 25 per cent of U.S. households. And while companies such as Zellers and Canadian Tire operate Web sites, there are few Canadian sites that offer the same ease of shopping as American ones. "In Canada, we've been slow to make attractive Internet offerings," says Pecaut. "We are really very

RIDING THE E-TAIL WAVE

Lately, more and more companies are deciding to peddle their wares on the Internet. Interest in these new Web merchants has sent Nasdaq stocks soaring.

D. G. Jewellery of Canada Ltd.



Active Apparel Group Inc.



SkyMail Inc.



SOURCE: ESTIMATED FINANCIAL SERVICES

BUSINESS

backward on our e-commerce sites and it's going to be hard to catch up," Peacock cites the case of book retailer Borders & Noble. It spent millions trying to catch up in America but found success brief. That is a confirmatory sign for Canadian retailers. If the selection and logistics on the U.S. massive seller, Canadians are already demonstrating that they will go there. Amazon.com is already one of the biggest booksellers in Canada.

The same game for stock market plays.

The Internet retailer is playing well on U.S. exchanges, but Canadian ones. For instance, Bid.com (Canadian Inc.), a Toronto-based online auction house based on the Toronto Stock Exchange, has not seen anywhere near the wild price appreciation of companies such as D.G. Jewellery that listed on NASDAQ, despite the fact its sales have grown from \$2 million in 1990 to \$60 million by the third quarter of 1998. Last Wednesday, shares of Bid.com, on which Rogers Communications Inc., the owner of Murdoch's, is a minority shareholder, rose 60 cents to \$3.53 (Can.). But the 15-percent increase pales against the climbing rate of its U.S. competitor eBay, which shot up 22 per cent to \$895 (U.S.) the same day. Compared with its NASDAQ competitors, Bid.com's president Jeff Lyburner allows that his company is probably viewed as underperforming.

"Being the only e-commerce player on the TSE, it has taken us a while longer to develop a following. The visibility of NASDAQ is very, very many times greater than the TSE." Lyburner concludes: "NASDAQ is probably where we should be."

Jack Berkovits is certainly glad his company listed on the Boston Stock Exchange and NASDAQ, rather than the TSE—the company never had that much attention in its 25-year history. After all, at \$3.50 high, the stock closed the same day at a reasonable \$5.50, a level Berkovits is happy with. The idea to set up a Web site had been his son, 25-year-old Ben, who works as an account manager for D.G., and 25-year-old Jack, who recently left his job as a Scotiabank investment banker to help D.G. go online. They believed the family business—which sold \$30 million worth of jewelry last year, mostly in the United States—needed to keep up with the times. "The two were telling their old man he was nuts because he wasn't on the Internet," jokes Berkovits Sr. Now, with a smile, Ben and Dan say they won't raise Jack Berkovits' bid probably give in. Getting into e-commerce, he concedes, is one of the best things that ever happened to his company.

By JOHN SCHWILLER in Toronto

Deirdre McMurdy



Figures on the margin

The term "aggressive accounting" used to be an oxymoron. In the past, investors and the accounting profession were viewed as pin-striped, prudish, moderate and audited financial statements were considered as gospel.

Things are no longer that simple, however. Technology, globalization, complex financial instruments and a wave of mega-mergers, combined with intense, short-term performance pressure from a stock-investor community, have profoundly reconfigured the way that business is conducted. These changes, in turn, have altered the way that companies approach their financial statements.

In two recent Canadian business lawsuits—Livent Inc. and YBM Magics International Inc.—"irregular accounting practices" are cited as the reason for continuing investigations by regulators and law enforcement officials. In the United States, the Securities and Exchange Commission has just launched an accounting crackdown that targets several big-name blue-chip corporations. On Dec. 29, the SEC filed fraud charges against W.R. Grace & Co. It is also reviewing the books of Sunbeam Corp., Livent and the oil marketing conglomerate Conoco Corp.

While most investors depend on the integrity of the profession's Generally Accepted Accounting Standards and Generally Accepted Accounting Principles, accounting remains a highly subjective aspect. And with unprecedented market pressure to produce a steady stream of earnings and income growth, many companies are starting closer to the edge of GAAP and, increasingly, going over the edge.

According to Michael Beber, a partner in the forensic accounting firm Ernst & Young at Avery, Macdonald & Berkovits, there are several methods of "managing" financial results to provide that important appearance of continuous profitability. In the case of corporate sequesters, for example, the amortization period for the new "investment" can be extended. With technology writers in particular, "percentage completion accounting" may be literally interpreted. Although

a project or contract is supposed to be finished before its revenue is recorded, it can be hard to tell exactly when a sophisticated product or service is complete, says Beber. Cenex Corporation ran into trouble in 1996 when it booked sales revenue since software products were shipped to distributors. Complainants claimed that the unshipped goods were returned.

Another grey area is the capitalization of research and development. The rules only allow companies to capitalize costs that they can recover in the market. But income can be easily bolstered by expanding the range of "costs." Restructuring charges, which have soared in size and frequency this decade, have become the most familiar method of smoothing over rough spots.

When it recently announced the layoff of thousands of workers, Canadian National Railway Co. also announced a \$500-million write-down to cover related costs. Last month, Royal Dutch/Shell announced a \$4.3-billion restructuring charge.

This sort of accounting has been raised by other companies to include one-time charges in ways that are hard to detect, providing a generous pool of reserves that can produce "surprise" profits at future date in a time of great volatility. Capital markets are increasingly focused on earnings performance. That means company management is encouraged to presenting problems as contained and quantified by a single hit to the bottom line. "If the market perceives a problem is a single, it will hammer you," says Beber. "I will argue and suggest a one-time charge."

Auditors are supposed to be the early-warning system for shareholders, alerting them to any material deviations from GAAP. But in addition to conflicting with the rapid pace of change and the pressure to push the accounting envelope, their function is easily brought into conflict. Auditors, like credit raters, are paid by those whom they are retained to review. That means that rather than looking at audited financial statements as the source of information on a company, investors should view them as a tool. And more than ever before, when it comes to equities, buyer beware.

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BUSINESS

A brilliant debut

World currency traders greet the euro with glee

It was a victory day for a crowning moment in European history. During a ceremony in Amsterdam marking the first day of trading in Europe's new common currency, the euro, speculators flipped Dutch government bonds. Gerard Zalm with two pins in the lot. "This competition was not the poor boy losing bit by bit because of the budget cuts to clear the way for the currency union. But the protest was a far cry from the mood on world markets," says "Europhiles," who say pundits described the growth of the euro as a "miracle," while bondholders pushed it up more than two cents above its opening level of 82.15 (U.S.). The start was certainly awesome," says Tom Cormacan, an economist at Queen's University in Kingston, Ont., "There will be growing pains, but so far it's amazing."

Comments in the 11 countries that have adopted the euro—dubbed "Euroland"—can use it for credit card transactions or checks. But wire notes and coins—many of them made by Fiat S.p.A., the Italian-based Westinghouse Corp.—will not hit the streets until 2002. Even so, banks are already testing the euro as a match for the U.S. greenback.

Conditions are breathing, too. The introduction of the euro, along with rising oil and natural gas prices, helped to push the Canadian dollar last week to a high of 60.39 cents (U.S.). Currency traders who have dumped Euroland's local currencies for the euro are buying Canadian dollars in diversity and profit. Edna says Barry Williams, head of global foreign exchange for the Bank of Nova Scotia. The loonie also rose in the floating currencies

of the U.S. dollar, which was dragged down by such developments as President Bill Clinton's impeachment trial and the decision by several central banks to sell some of their U.S. dollar holdings in favour of the euro. The Canadian dollar ended the week at 68.09 cents (U.S.), an increase of almost two cents since Dec. 30,

the volatility of the exchange rate. "The bottom line," says Cormacan, "is we need greater exchange-rate stability."

Critics argue that any monetary union would limit Canada to smaller risks than its economic sovereignty. A fixed exchange rate, they say, would not only reduce Canadian flexibility to manage its economy, but would eliminate the conditions the economy needs when conditions change dramatically. "A country that thinks there will be a North American currency is dreaming," says John McCallum, the Royal Bank's chief economist and a leading opponent. "I don't think it would fly. And I don't think it should be attempted."

U.S. interest in a monetary union could mount if the euro threatens the dominance of



A HELPING HAND FOR THE LOONIE

The euro's introduction on world currency markets contributed to a decline in the value of the U.S. dollar. But it was good news in Canada, causing the loonie to surge.



the U.S. dollar. But Williams says the EU still has major hurdles to clear, such as improving labour mobility and harmonizing taxes. And conflicts between the European central bank and the continent's 11 different governments are not possible. By reaching a deal that really was taking hold as trading began, and the euro closed Friday at 81.36 (U.S.), "They're going to get caught in a bit of a trapola," says Williams, "but the real hard work lies ahead."

JOHN SCHOFIELD

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KOSICH FIGHTS BACK

Former Eaton's CEO George Kosich is issuing the traditional department store ultimatum for severance and breach of contract, claiming a total of \$1 million in compensation, including \$3 million in stock options. The veteran retailer, who left his post as president of the Bay in June, 1997, to guide Eaton's restructuring, claims that he did not resign, as company executives announced, but was terminated on Sept. 30.

SUN TAKEOVER COMPLETED

Granbec Inc. completed its takeover of Sun Media Corp., saying that more than 99.5 per cent of Sun Media shares had been tendered to it. Dec. 14, after \$863 million. Granbec's offer of \$24 a share beat a bid from Torstar Corp. But the Montreal-based publishing giant went to Toronto four Ontario papers, including The Hamilton Spectator, for \$350 million.

MONEY FROM HOME

U.S. Telephone giant AT&T Corp. will provide \$500 million to help its Canadian affiliate enter the local phone market this year, complete a national communications network and find buyers for the majority stake held by three banks. The Canadian operation, which will be renamed AT&T Canada Corp., also announced the retirement of president of Bell Canada, who will be replaced by AT&T veteran James Meenan.

USER FEE PROTEST

A study commissioned by the Ottawa-based Alliance of Manufacturers and Exporters charged that federal government user fees that companies pay are a violation of what have-cost-the-economy terms of trade with jobs. Ottawa said it is planning to review a wide range-of-laws, which have, for example, included a sing-for tax-on-purchasing on Lake Superior even though there is no lakebed on that Great Lake.

DRAIBINSKY'S NEW JOB

Auto parts magnate Frank Stronach has hired entertainment industry icon Sam Drabinsky as a consultant for his amusement park near Los Angeles. Drabinsky will provide "sound advice on the entertainment aspects" for the complex, said a Magna International Inc. spokesman. Stronach's former company, Livel Inc., is under bankruptcy protection and Drabinsky is facing lawsuits alleging fraud.

Battered by a PR storm

All departments of Air Canada will report to top management in the next few weeks with possible liaisons to a host of problems that turned a storm situation at Toronto's Pearson International Airport into a public relations disaster for the airline.

The review will look at issues ranging from poor communication with passengers to decisions on canceling flights and procedures for plane delays. On Sunday, Jan. 3, the day after a storm swooped in central Canada and the United States, only 20 of 60 scheduled Air Canada planes took off from Pearson, and it was three days before operations returned to normal. While Canadian Airlines posted bulletins and informed its passengers of delayed and canceled flights as early as Saturday evening, Air Canada presented hours or even days for dramatic loss of information. With about 400 of its 600 daily flights



Stonewalled crowds in Toronto: frustrated and famous

reached through Pearson, Air Canada did have many more planes than Canadian to get off the ground. But clearly, improving what the airline's "passenger handling" is a priority. "Our customers' largest frustration was not being able to understand if flights were going," said John Hamilton, spokesperson for Air Canada. "Maybe we should have exceeded our goal."

Fund watchdog urged

The mutual fund industry's runaway growth has left regulators overwhelmed and in a states-of-shock. Toronto securities lawyer Graeme Stremberg warned last month to the federal government: Just before the report's release, the Ontario Securities Commission announced Stremberg's resignation as a commissioner after eight years. But "he" nothing has nothing to do with the release of my re-

port," she said. Among her recommendations, Stremberg, 59, says that the patchwork of provincial regulating bodies and rules covering financial services should be replaced with one national regulatory body and more stringent fund companies should also provide information in plain language on issues such as risk management fees, which can significantly erode overall returns. The report also calls for one national self-regulatory body to license those who sell mutual funds or stocks

FINANCIAL OUTLOOK

Canada's unemployment rate was 8 per cent in December, unchanged from November. Employers hired 24,000 people during the month, bringing the total number of new hires created in 1998 to 449,000—the best growth in 10 years. Gains last year were dominated by growth in part-time work, which rose by 5.3 per cent, while the number of new, full-time jobs increased by 2.7 per cent. Youth employment grew by seven per cent—the best showing in 20 years—though the jobless rate for young people remains high at 14.4 per cent.

UNEMPLOYMENT

year averaged 4.5 per cent, the lowest peacetime rate since 1957.

"The steep run-up in unemployment creates pressure on the Bank of Canada to ease rates, and it clearly is a supportive factor for the Canadian dollar," —Nestor Berns

"While we still expect witnessed corporate caution to lead to a much slower pace of job growth through first year, 1999 could prove to be better than anticipated" —Scotiabank

The Nation's Business**Peter C. Newman**
Corporate leaders also should face the music

as a 15-year-old unscrupulous, has had a record of failure—he is the Canadian banking version of Joe Blatnick, the cartoon character in the *Lil' Abner* strip who posed with a blank cloud hovering above him wherever he went. Flood clambered steadily through the Commerce ranks and, in 1974, was appointed senior executive and then general manager for Latin America and the United States, just at the genesis of the Third World credit crisis. At that time, the bank was making massive loans to Brazil, Mexico and Argentina—loans on which he had eventually lost \$1.7 billion.

He was thereafter promoted to head the bank's U.S. division at the height of Wall Street's leveraged buyout phase, when the Commerce was often on the wrong side of the winning deals. Then came the coup de grace: called back to Toronto head office, Flood assumed the bank's most sensitive post—president of the corporate bank. In that job he was instrumentalised by himself to bring the Commerce into the lead banker for the Reichmann brothers' real estate empire, one of the biggest Canadian business empires. When it turned out that the Reichmann empire had no clothes and that the Commerce loans had apparently been granted without adequate examination of the brothers' dubious debt-equity ratios, Flood's decisions eventually cost the bank \$1.2 billion in bad loans on that account alone. "Take full responsibility," he said at that time, adding that his expense would help him avoid mistakes in the future.

Following the Commerce's twisted logic, there was only one way out: Flood was the obvious candidate to lead the whole bank. In 1992, he was appointed chairman and CEO. His main contributions in the six years have been a major push of the Commerce into derivative trading, which is the banking equivalent of bungee jumping. His other big move was to pay \$250 million for Oppenheimer & Co., a Wall Street brokerage, on which the Commerce lost \$20 million in its first year.

To his last, after half a dozen flood years, the Commerce's record was once again unique: It was the only one of the Big Five to show an earnings drop—down 32 per cent from 1997. The Commerce's fourth-quarter profits were down an astonishing 90 per cent, most of it lost in derivative and global markets. The Dominion Bond Rating Service downgraded the bank's long-term debt from "stable" to "negative." Tom Gaze, senior vice-president for investment at the Ontario Municipal Employees Retirement System, one of the CIBC's top five shareholders, publicly complained about Flood's inadequate explanations of precisely what had gone wrong.

Now that the possibility of the Commerce's assets being folded into the much more nimbly managed Toronto Dominion Bank, under Charlie Baffie has vanished, there is no excuse left to keep Al Flood in his palatial office on the fifth floor of Bay Street's Commerce Court.

New: that the bank's metrics are lousy. It might be appropriate for at least one of the Big Five to co-exist with leadership Al Flood, who first joined the Canadian Imperial Bank of Commerce in 1951.

Sorry, wrong planet

Satellite phones are linking the corners of the globe at a cost that is sky high

BY WARREN CARAGRA

Maurice Ronger gets a lot of voice mail. Sometimes he has as many as 25 messages waiting when he arrives for work at the Montreal headquarters of Iridium Communications Inc., where he is the firm's president. But a message on the morning of Dec. 16 from Bernard Voyer stood out. Voyer, a Quebec adventurer and acquaintance, had called during the night from Africa. He was on Mount Kilimanjaro in northwestern Tanzania, 4,000 metres up and planning his final assault on the summit. "He was at the foot of an ice field and looking out at a magnificent view across the African plains," Ronger said. Instead of leaving the usual well-catered-suit phone with his gear, Voyer was using a hand-held phone that routed his message along a network of Iridium satellites and a ground station in Arizona before connecting to the traditional phone system. "He said he was holding a little rite in his hand," Ronger boasted.

Such "little marvels" are going to become more common as telecommunications companies race to launch so-called constellations of satellites to handle an exploding demand for communications services. Iridium, a joint venture led by Motorola and phone companies around the world, is the first to begin operations with its \$7-billion constellation of 66 satellites in low-earth orbit 780 km above the Earth. But about 10 systems are now in the drawing boards, providing everything from voice and fax services anywhere on the planet, to satellite-based mobile telephones, backed by Microsoft chairman Bill Gates, which intends to have 200 satellites in low-earth orbit by 2000 offering high-speed data and Internet connections. Orvian Inc., a London-based firm, expects about 17 million subscribers for its various services by 2007, generating revenues of more than \$7 billion.

Iridium, based in Canada by phone giant BCE Inc., which owns 60 per cent of Iridium Canada Communications, is stealing almost a year-per-month on its competition, which will come first from the 48-satellite Globalstar system, promoted by Loral Space and Communications Ltd. of New York City and Thalescore of San Diego. Globalstar will begin offering service by the end of the year, a few months behind schedule. The delay illustrates the unique risks such companies face as a Xerox-like rocket carrying 12 of its birds crashed after launching from Kazakhstan last fall, selling \$120 million to a \$5-6 billion price tag.

Cross one of the big question marks about these networks. The race for such expensive services appears limited to corporates and government clients, while the investment needed to create global corporations with skins of satellites is astronomical—\$70 billion so far, according to Orvian. Skeptics doubt they will ever become profitable. "That's going to be the real challenge," says George Karpis, associate director of the Iridium Group in Canada, a telecommunications company based in Bruxelles, Ont. "I'm not sure they can overcome it."

But that risk is not stopping companies from launching additional satellite services. Iridium's competitor will be rounded out by the end of 2000 when ICO Global Communications has its system of 20 satel-

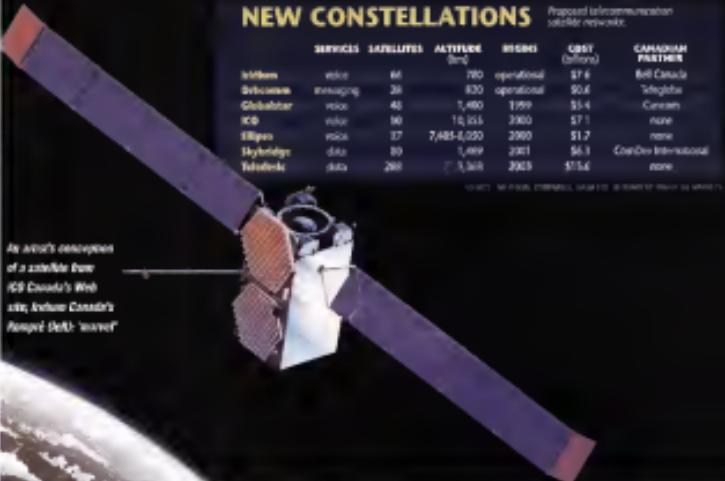


In operation, orbiting at a higher altitude of 10,000 km. At a higher altitude, fewer satellites are needed to provide complete global coverage.

ICO, based in Langley, is a spin-off from the International Marine Satellite Organization, known as Intermar, which has long provided satellite-based mobile phones that employ four satellites at a much higher altitude of 35,800 km. Voice quality is poorer when satellites are at higher altitudes because of the noticeable delay in the cell bounces for the long-distance intra-space and back to earth.

Iridium is spending more than \$1.5 billion in Canada and about \$270 million worldwide to promote its service and for Big Digger logo. Ronger's three competitors, such as ICO Canada general manager Graham Smith, appreciate that advertising. "Iridium is raising people aware of satellite communications and that will help us," Smith says. Iridium's marketing will be directed at international travellers, as well as airlines, fishing fleets and resource companies with far-flung operations. Late last month, the company spent \$60 million to purchase Satellite-based Telecoms Communications Group Inc., which provides phone services to passengers on six airlines worldwide, including Canadian Airlines. Within five years, Ronger expects to have 300,000 mobile and pager subscribers in Canada. But, he cautions, "It is definitely not a mass market."

Globalstar and ICO have somewhat similar views of the market, although all will trumpet what they see as their own advantages. Iridium's bandwidth, which customers are only now receiving because of



An artist's conception of a satellite from ICO Canada's Web site; Arthur C. Clarke's *Arthur C. Clarke's Journey Into Space*

production delays, are relatively large at about half a kilogram, and will initially cost about \$3,000. Air time using the Iridium network will cost about \$20 a minute for North American calls and up to \$13 a minute for international connections, far more than cellular calls which can now cost as little as 10 cents a minute for off-peak service.

The phones from the three companies can also be used on cell networks where service is available. Globalstar and ICO Global both have somewhat simpler technology and smaller satellite networks than Iridium and officials at both firms say that will allow them to offer for smaller and cheaper handsets and lower calling costs—benefits they hope will make more sense for Iridium's hard start. Lower costs will make their systems a better alternative for isolated communities in Canada and Third World towns and villages with no land-based telephone service. "The question is when," says Gordon MacLean, editor of Satellite Today, a U.S.-based trade journal. "People in the Third World don't have thousands of dollars for a phone." ICO handsets will cost about \$1,500 with calls charged at about \$2.25 to \$2.25 a minute. Globalstar's phones, says Canadian general manager Peter White, will cost about \$2,300 and air time about \$2 a minute.

So who will buy the new services? With mining operations in isolated areas on several continents, Barrick Gold Corp. of Toronto is a likely customer. Narin Surethorpe, the company's staff geologist, says Barrick will purchase several handsets for its geologists. Petro-Canada is buying about 25 sets for its staff in Alberta and Yukon, British Columbia, the company's YKX project director, calls the purchase an insurance policy. If the so-called ICO problem takes down the regular phone system on Jan. 1, 2000, Iridium will give the company an alternative.

The federal government is looking at Iridium for use by the department of national defence and Parks Canada, says officials at the government's telecommunications bureau. The government could buy a few hundred units, but initial tests were plagued by poor voice quality and dropped calls, says Paul Hayes, a senior official at the bureau. Iridium says such problems have been ironed out. One Iridium believe-

NEW CONSTELLATIONS

Proposed intercommunication satellite networks

SERVICES	SATELLITES	ALTITUDE	RISKS	COST (\$million)	CANADIAN PARTNER
voice	66	780	operational	\$7.6	Bell Canada
message	26	830	operational	\$0.6	Shuttle
voice	48	1,400	1999	\$5.4	CentraNet
voice	96	18,000	2000	\$7.1	n/a
voice	37	7,483-8,029	2000	\$1.7	n/a
data	30	1,400	2001	\$6.1	Orbcom International
data	260	7,368	2003	\$15.6	n/a

Source: M-FARIS, COMSAT, IAC, ITR, INTELSAT, INMARSAT, INTELECOM, TELEGEOSYS

is Rhonda Markl, the senior park warden at Vuntut National Park in the northern Yukon, where neither phone nor radio service is available. When backpacking in the park, Markl and her colleagues have no desire to take the much heavier Iridium phone. Instead, she says, "It's great because it's really small."

While voice services like Iridium have attracted much of the attention, Teleglobe Canada thinks it has found a winner in the Orbcomm satellite system launched by U.S.-based Orbcomm Sciences Corp. Teleglobe holds 50 per cent of the \$500-million venture, which will never ring a single phone call over its constellation of 26 satellites. Marc Lemoine, president of Teleglobe World Mobility, the division that holds the equity position in Orbcomm, says he already has 10,000 subscribers who use the system and its two-way messaging service to monitor industrial processes and equipment. The example: a driver carrying frozen seafood in a refrigerated truck equipped with an Orbcomm monitor can be notified by his dispatcher if the refrigerator unit breaks down, preventing a load of spoiled fish. "The system can also be used to monitor pressure in oil and gas pipelines," he says. "This is a new way of doing business for a host of industries," Lemoine says.

The allure of the ability to communicate anywhere in the world—from the rugged peaks of Waterton National Park to the top of Roraima— is irresistible, even for people like Vicki Voyer who long to escape to the wilderness. When he reached the summit on Dec. 21, Voyer called his son Yann back in Canada. "I described the sun rising over Africa and told him I would not forget to bring him a little statue from Roraima," Voyer told MacLean. "It was fantastic."

But for most Canadians, says analyst Karpis, "we have more telecommunications than we know what to do with." Ronger and ICO's Smith remember the days when more than a decade ago that mobile phone service was too expensive. As Iridium and its competitors begin their big sell, "the market will wake up," Ronger predicts. After all, he enthused after his call from Voyer, "this is magic." The question remaining for his company, and others like it, is whether the magic of a great technology can actually cover expenses. □

COVER

D

wining the future is tricky at the best of times, especially in an age of fickle consumers, over-smarter computers and ever-shorter attention spans. By the time most of us discover the latest new face, fad or pop culture craze, he, she or it is often hopelessly passé. Matthew McCraughay, last year's Hollywood hunt-du-jour? Fiddle Me Elmo? Ellen DeGeneres? Like food? Online chat? Big, overstuffed furniture? Yellow walls? "Oh, please," to quote the Valley Girl protagonist of the movie *Buffy the Vampire Slayer*. "That's so five minutes ago."

But not all trends are difficult to foresee. Consider these relatively safe predictions for 1999:

Around the world, huge corporations will mate with wild abberlins, delighting shareholders and endangering tens of thousands of jobs. A critically derided pop group will rocket up the charts, tantalizing nostalgia for classic 1970s acts such as the Bay City Rollers. Scores of otherwise undistinguished firms will add "com" to their names in a bid to seize technologically hip. Boomlets will wax on a new wonder therapy that promises longer lives or better sex. A long-forgotten clothing brand will resurface, haled by teen fashion mavens as the hottest thing since platform shoes. Millions of people will stockpile food and other necessities in fear of the Y2K computer bug, even while experts insist the problem is under control. There will be a run on champagne in the final weeks of 1999, yet many people—tired of the media's fixation on

Peering into the future, Maclean's tracks the trends that will mark the closing months of the millennium

the subject—will profess themselves periodically weary of the new millennium. Journalists, desperate for something new to write about, will speculate about life in the year 3000.

If none of that sounds terribly appealing, neither does the scenario painted by some professional trend-spotters. Toronto-based Martin Goldfarb has been a market researcher since the 1960s, with a consulting practice that now extends to 23 countries. One of the trends he expects to see strengthened in 1999 is a growing lack of commitment on the part of employees to their employers—signifying a backlash to com-

pany layoffs and a rising mood of impatience among younger employees who do not want to wait around for a promotion. In the future, he says, companies will have to work harder to retain valued staff. At the same time, the rising ratio of females to males among university graduates will contribute to a drop in family incomes, Goldfarb believes, because women will continue to earn less than men, while men will experience higher rates of unemployment.

Goldfarb sees a link between several other likely trends and last year's dramatic fall in the value of the Canadian dollar. Canadians will be traveling less outside the country and buying fewer imported goods. Increasingly, the smartest and most talented among us, particularly the young, will feel drawn to the United States, where the financial opportunities are often greater. "After free trade took effect 10 years ago, thousands of manufacturing jobs moved to the United States or Mexico," recalls Goldfarb. "Now, we're entering a new economic phase, which involves the loss of executive, marketing, database management and professional jobs. The deals and the thinking are being done in the U.S." On top of that, the lower Canadian dollar means domestic firms are attractive takeover targets. In 1999, Goldfarb expects a rash of U.S.-led corporate mergers and acquisitions.

To pollster Michael Adams, the overriding theme at the end of the century is what he calls a culture of resentment—a widely shared belief that technology and globalization are exerting too much influence on people's lives, endangering jobs

and traditional social values. Adams, the president of Toronto-based Environics Research Group, thinks that one of the biggest political trends of 1999 will be an emphasis on shoring up the crumbling health-care system. "If it's a choice between tax breaks and throwing more money into health and other essential services, the consensus is going to favour increased funding," he says.

The high level of taxation, however, issues that consumers will continue to feel pinched. For all but the very rich, calorie-laden consumption is out, replaced by a focus on preservation. "People are almost looking at their purchases as investments," Adams says. "They want quality but it has to be at a bargain price." Mid-range department stores, as a result, will be pushed further to the bank in 1999. And rather than buying things, Canadians will increasingly shop for experiences, at the local megaplex or at one of a new generation of urban entertainment centres that offer subsidized white-water rafting, indoor rock-climbing and plenty of free parking. "There's a huge group of people who want more intensity—more jobs—in their lives and are willing to pay for it," Adams says.

If last year was anything to go by, jobs—the ultimate currency on the stock market and in politics—will be plenty full in 1999. On the following pages, Maclean's offers a guide to some of the year's most lively trends. How the realm of technology to the world of interiors and the arts. Watch this space—but bearing in mind, of course, that the hottest trend of 1999 will be something that nobody, least of all the experts, saw coming. □



WHAT'S HOT FOR HOT'99

BY ROSS LAVER

ILLUSTRATION BY JEFFREY L. HARRIS



Villainous Vader (left) is from *Star Wars: Episode I—The Phantom Menace*. Right: versus versus, *America versus Iraq*, *Space Girls versus All Saints*, *Reckless versus Canada*—the public wants to know who won. It seems you can't turn on the TV, open a book or go to the movies without hitting a plotline involving heroes being rescued, losers making heroes, global harmonization and the happy settling of scores.

Star Wars: Episode I—The Phantom Menace, one of the year's most anticipated films, reconciles arch-villain Darth Vader's bad side with his good. In this installment, we see the belated deep brother as a cold-mannered space-world full of hope and warmth. Still *Crazy*, starring Irish actor Stephen Rea, tells the story of an estranged Sevens coach bonding for one last try. In *The Dog's End of the Ocean*, a child who was abducted at age 3 is returned to his mother (Michelle Pfeiffer) at 22. In *Bill Murray's Avalanche*, a key hunting for Oxford and his benefactor make up after fighting over the affections of the same woman. Even the *Rio Rio Tug Tug I Hate About You* has reconciliation at its core. The teen comedy (based on *The Taming of the Shrew*) features leading sisters who eventually find true love and mutual understanding (as is often the case in *Love Actually*).

Last summer saw the beginning of a pop-culture reconnection between baby boomers and their parents' generation in movies and books with the opening of Steven Spielberg's *Saving Private Ryan*. It was followed in the fall by NBC's new action series *Tonight's Best-Breaker*: The Greatest Generation paying homage to the men and women who weathered the Depression and defeated Nazi Germany. The *Time For Love* continues this embrace of the war generation's sacrifices. Rock 'n' roll's most turbulent partnership, meanwhile, is illustrated in biographer Geoffrey Giuliano's *Two of Us: The Love-Hate Relationship of John Lennon and Paul McCartney*. The book reconciles the pair's tumultuous rivalry with their growth as a negotiating team.

Finally, Canadians may reconcile national pride with national reality. With *Rock* and the *Millennium* (improbably the most famous Canadian year) due out in March, it is unlikely that anyone will be able to mouth the words "Year 2000" without placing tongue firmly in cheek. Those wishing to sing a song of reconciliation can lip sync to trashy tune *Bitchin'*s North American debut single, the anthem of reconciling one's hopes with one's reality—*C'est La Vie*.

RECONCILIATION IS THIS YEAR'S RAGE

In pursuit of the extreme

To boldly march where others go where no man—or woman—has gone before. That's "explorography," and that's what Canadians can expect more of in television and in travel. With every inch of planet Earth mapped, there is a growing fascination with dangerous exploration. Parachute explorographers spend thousands on adventure vacations. The rest live vicariously through series such as the *Outdoor Life Network's Wildlife Adventures II* and one-off documentaries like the History Television Jan. 24 airing of *HMS Franklin* (a film chronicling the English ship's 1780 voyage to Tahiti). The formula is simple: risk plus exotic location equals explorography thrills. Take the Discovery Channel's five-part series *Eco-Challenge*, an annual race through "extreme" terrain. The next yearmarker, to be broadcast internationally starting April 11, is a 10-day, 500-km odyssey that pits 50 contestants against each other as they run, swim, paddle and climb over Morocco. Can *Buffy the Rock Climber*? The miniseries will be off.



Building palaces

Movie palaces The term is evocative of the earliest days of the cinema, when "moving pictures" alone were enough of a novelty to draw crowds. But why bother going out to a movie theater now, when there is a vast array of state-of-the-art home entertainment? That was the question facing Canada's theater-chain executives. Their answer: build new movie palaces.

Of course, other than size, these 2000 multiplexes bear little resemblance to the cineplex temples of yore. A huge, curved, floor-to-ceiling, wall-to-wall screen, deeply visible to each audience member thanks to stadium-style tiered seating, is but one of the attractions. The entertainment can start long before the movie does. Famous Players, which is opening 23 theaters with 329 screens in Canada in 1999, has an interactive game centre in some of its new locations. And moviegoers can buy hand-warmer pads, ice cream and coffee. One irony: some of the new movie palaces are so huge that they are being built on the site of old drive-in theaters.



WEB FOR STUDENTS NOT SHOPPERS

Forget online shopping. No less a guru than Microsoft's Bill Gates says education will be the dominant force on the Internet. And he may well be right. As you'd expect of this year, many sites in Canada will be headed to the Internet, and "e-commerce" for students from kindergarten to MBA is proving like Topic Title Education Net Brookwater, a powerful agency that keeps a database of online courses from around the world; his more than 10,000 are listed with nearly 1,500 courses bar-coded, each month. College and university students returning to the mouse to take make-up exams, upgrading to 80 per cent of large corporations who intend to open some form of electronic learning right on the desktop or shop floor. Online learning's popularity is no surprise with computer modems at any hour of the day or night—it is a hot ticket. So hot that the Rock and Roll Hall of Fame in Cleveland promises to deliver its pop culture course online by fall. Whoa!otta shakin' going on.

A TIME OF TEEN TYRANNY

Move over, baby boomers—your kids have all the power now. The most influential consumer group to emerge in today's market is teenagers. With money earned from part-time jobs or allowances, and no shortage to enjoy their spending, 2.8 million Canadian teens wield considerable buying power, as estate planners have started to realize. Spending products of young people is not new, but in the past, companies often would target parents. These days, teenagers have more freedom and power in making choices. It's the age of teen parenting. There are marketers whose primary occupation is to monitor what teens buy, eat, watch and wear. And a fashion style adopted by teens in New York City or Los Angeles has a good chance of showing up on the shelves at Eaton's—and not only in the youth section.

Teenagers, it seems, not only decide how to spend their own money, but their likes and dislikes influence how the family spends—spreading the choice of restaurants, entertainment and even car purchases. And some versions of what they are currently wearing may very well be part of mom's and dad's wardrobes six months or a year down the road. But young people are also fickle, so what seems like a good idea today can be old news in a couple of months.

Teen power is most apparent in the entertainment industry. Teenagers love to watch TV, movies, of course, and they have the power to make or break a production. The film *Thirteen* has earned over \$8 billion worldwide, most of that from lone-rock-touring teenagers who see it five or six times.

Because they couldn't get enough of Leonardo DiCaprio. For movie producers to realize any money this year, they have to cast a young star from a hit teen TV show, such as *Glosser Creek*, *Party of Five* and *Buffy the Vampire Slayer*. Then there's Keira Knightley, the 13-year-old creator of *Duchess of Malfi*—the number 1 show in the youth market—to write or direct. Knightley, who seems to have her finger on the pulse of teen cool, was involved with three of the biggest movie hits of the past two years—*Scream*, *Seven 2, and I Know What You Did Last Summer*. Her winning teen style will continue in 1999 with the much期待ed *Killing Mr. Wong* and *Scream 3*. But, hopefully, the success of unashamedly adult movies like *Shakespeare in Love* means that there will continue to be entertainment for the anti-teens.

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Hope for aging baby boomers

Aging baby boomers are letting the fight against the ravages of time go to their heads, literally. Herbal supplements that promise improved memory and mental vigor are hot. At the cutting edge of smart drugs are nootropics, a class of supercharged vitamins and herbs recently approved for sale in the United States and presently being tested in Canada. "This stuff makes you alert without any of the harsh effects or edge of euphoria," says Robert McNaught, a natural health consultant in Toronto. In Canada, those who are easily swayed by the appeal of nootropics can still turn to ginkgo biloba capsules, zinc lozenges and antioxidant vitamins available on drugstore shelves. Older Canadian boomers will also be poised for happy news from Ottawa in '99: federal approval of Viagra, the penile drug

TV networks will lay on big, lavish mini-series—such as ABC's \$45-million, four-hour *Decades*, starring Timothy Dalton and airing in May. Event TV is the small-screen's bid for viewers in a world cluttered with visual distractions.

WHAT TO LOOK FOR IN 1999

In celebrity news, check out who's who in 1999!

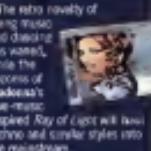


Canada's hot many of music magnates, Celine, Shania and Alanis, will continue to rule. But Tom and, especially, Diana, are so huge and ubiquitous that a major backlash could be brewing. Mariah—recently

back from an 18-month hospital stay—seems destined to peak again with her latest album, *Supposed Former Infatuation Junkie*. Mariah's upcoming North American tour will keep her in the lime-light. She even gets to play God in the upcoming movie *Dogma*.



Young film heartthrob Matt Damon, Ben Affleck, Vince Vaughn and Leonardo DiCaprio will continue to blow up. Me! Gisele, Harrison Ford and friends also over 30 out of the water.



The retro novelty of song music and dancing has waned, while the success of Madonna's once-music-inspired *Rhythm Nation* will have retro and similar styles into the mainstream.

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THE DIGITAL REVOLUTION

Get ready for the next major phase of the digital revolution, as the technology spreads from computer screens directly to your eyes and ears. This year, virtually every major electronics company will bring to market new televisions, audio systems and other such ubiquitous appliances based on digital technology.

For starters among these products are various permutations of digital television, which replaces conventional picture and CD-quality sound. DTVs were the talk of the massive Consumer Electronics Show in Las Vegas, Nev., last week. Dozens of models will hit the shelves this year, as well as sets with built-in tuners that enable viewers to receive digital broadcasts on their soon-to-be-deader analog tubes.

Highdefinition television is the best-known version of DTV, but there are now lower-end versions that still provide better pictures than the old analog spaces. Through the first half of the year, and still enthusiastically priced, DTV is guaranteed to be hot. US stations are already switching out digital signals, and the US Federal Communications Commission has set 2006 as a target date for the complete phasing out of analogue broadcasting.

Similarly, digital video discs are about to send VCRs the way of the Betamax. With price tags under \$389 (US), DVD player sales reached almost one million worth of the border last year. Digital cameras and camcorders, which can snap images with a computer or digital TV, are likewise encroaching on older technologies. On the audio front, watch for new DVD systems and improved CD formats.

All of this has sparked heated competition for a system to integrate digital audio sources and control them with a single remote. The death of analog appears inevitable.



HOT CARS:
Chrysler's new crossover vehicle, intro-
duced with perhaps the

Merger-mania will gather momentum

In 1998, local energy telecommunications and media compa-
nies became all manner and scope of their quest for
market share and global clout.
What do the M&As types do for
us in 1999?

Experts foresee
another hot year,
marked by more
consolidation
among energy,
entertainment
and information

companies. The M&A
soot will also sweep
through industries that
are born the subject.
I much talk but no

plan. Tops on the list
are real estate, natural re-
sources and retail—all eyes be-
re on Energy-as-well as financial
services firms. Cross-border, thwarted
in their urge to merge, will look to other coun-
tries for兼并兼併 acquisitions and partners. Many stay

holders believe Canada Trust could be sold outright to a foreign bank. Whatever happens, the year will test as long as the economy stays robust: the low dollar will

make corporate attractive to foreign buyers, not only from the United States but also Europe.

A FEW BETS FOR BUSINESS THIS YEAR

What to watch for in the
business world in 1999:
① In the wake of fated
kang-tong, the status quo
won't be an option for
two of Canada's big bank
champions who sought to
merge. They will take the
buy-out/buy-back route,
by summer.

② Metro tycoon Conrad Black
will make another attempt
in his quixotic 19-year
quest to get his hands on
The Globe and Mail.
This time, if it succeeds,
merging it with *The National Post*
to create *The National
Globe Post*.

③ In Washington, Jacky
Thomas Penfield Jackson
will smock Microsoft with
a law for violating antitrust statutes.
60 Minutes will plead
antitrust and appeal.
Then, he will roll out
Windows 2000.

④ The people who are
going to move ahead fast
are those who combine
"cyber expertise" with
"brick skills"—mixing
computer programming
combined with a knock-for
retail sales. Computer-savvy
young folks with a track
record selling Web at eBay's will be
hot demand.

⑤ Expect an explosion
in class-action lawsuits,
launched by US and
Canadian investors against
any company whose stock
drops enough to make
somebody mad.



Rearview mirror

Call it a new way to rein-
vent the wheel: this year auto
makers are reaching into their old stock of
designs to update a couple of classics. Ford has
unveiled a prototype for a Thunderbird that borrows
front motifs of the late '50s, complete with rounded
headlamps and a hardtop with porthole windows. GM, mean-
while, plans to start selling a minivan Chevrolet Astro
with a V-6 engine by next summer. Even Chrysler/Chrysler's
bulbous hybrid of a car and van—the so-called crossover vehicle—
draws on the familiar profile of the old Volkswagen Beetle.

A breakthrough year for the Web

This search for more speed and simplicity will be the key trend driving the growth of the Net in 1999—a breakthrough year for the Web. Even-
tually computer pros, plus the connoisseurs of frugal, simple
connections, will drive more Canadians to the Internet. Until recently

Web users were confined to slow dial-up modems, which can take hours to download Web pages and find that
they've lost their connection. The high-speed
services offered by some cable-TV and telephone
companies give Internet access the instant users boot up
their computers, and allow Web pages to appear in split
seconds. Faster connections will greatly improve the quality of

Internet sound and video. And the enhanced services that result, such as videoconferencing with customers or friends, will increase the
Net's appeal. Only about 22 per cent of Canadian homes are currently connected to the Internet, but that is expected to rise to 35 per cent this year, according to Toronto-based consulting firm IDC Canada.

The real breakthrough in making the Internet a mass medium will come with the spread of more user-friendly computers. The popularity of Apple Computer Inc.'s innovative, easy-to-use iMac will prompt PC makers to introduce similar, plug-and-play personal computers. In 1999, analysts predict, 200 million households that allow users to send and receive e-mail are already available. High-tech companies are now busy developing "Internet appliances"—small, inexpensive gadgets that will allow users logging on the Web as easily as a phone call. Free Internet service funded by advertisers could also become more readily available in 1999. Riptide Inc., a California-based company, unveiled the idea last fall. Customers must first put an online profile, allowing marketers to target their ads to certain users.

Flat-panel monitors will be the rage in '99 as their bulky counterparts—the cathode-ray tube monitor—slowly disappear. Falling prices will boost sales of the liquid crystal display monitors, which are only a few centimetres in depth. Analysts believe that prices could fall as low as \$300 this year, compared with about \$1,000 a piece. Prices for flat-screen TVs will fall more sharply because they're larger and more expensive to produce. "Long-term, the price per pixel for the computer will actually be cheaper than CRT monitors," says K. Y. Ho, president of Thorntech, Ont.-based ATI Technologies Inc., which makes graphics chips and boards for the computer industry. "That's partly because they're smaller and much cheaper to ship."



HOT ADVICE:
Sony Spice. Quick
model (left) with
hip-tidy bag

PHOTO: JEFFREY L. COOPER



Report cards for health

Watch for the action of report cards and performance rankings to come a lot closer to the local hospital. The hot trend in the health-care system is accountability—the need to provide the public with information about how well their regional or provincial health-care system is functioning. Thirty authorities in several regions across Canada have started releasing computerized data on such critical factors as administrative costs, rates of complications after surgery and levels of nursing care. So far, these studies have been mostly of use to hospital administrators seeking to improve their operations. But powerful forces within the health-care community want to give the public a better idea of how effectively Canada's \$51-billion healthcare budget is being spent. Will some authorities ensure that as much as 40 per cent of that money is going to inappropriate or unnecessary services? There is a growing sense of accountability. "Canadian deserve a report card," says Health Minister Allan Rock, "not ritual elections."



Seeking inner calm

Madame, the maternal yet, found cabaret, a medieval form of Justice System's new entry. Hollywood blues Mamie, took a transoceanic trip to India. On Jan. 16, rapper and former drug abuser Vanilla Ice appears at MacMahan to announce his new Christian fervour.

Everyone you look, or as it seems, up to now, are reporting world-class pleasure. People crave the same calm that only religion and/or philosophy can bring. In 1999, spirituality is a pragmatic affair anchored in the belief that modern issues are incompatible without a moral compass to navigate them. It is also a commodity, and those willing to pay for it can find guidance in a pharos of self-help books, yoga classes, retreats, psychic readings and television shows. *Mental Dash*, a co-production from CBC TV and Vision TV examining current events from a spiritual perspective, debuts on Jan. 17 on Newsworld. "You can only analyze news in political and business terms for so long," says host Anne Petrie. "People are looking for spiritual renewal."

BY JEFFREY R. COOPER

Output, employment keep growing

Long amid the hand-wringing over Canada's slowing productivity is the good news: a lot more Canadians are working. Canada's output of goods and services is estimated to have grown by nearly three per cent in 1998—almost entirely because employment grew dramatically in the final quarter. Full-time jobs increased by 2.7 per cent in 1998, while the number of part-time positions rose by 5.5 per cent. "Right now, if I rather say employment over productivity growth," says Andrew Sharpe, executive director of Ottawa's Centre for the Study of Living Standards. "Higher employment means there are a lot more people who can go shopping and pay taxes."

Job growth is expected to slow down in 1999, to about 1.5 per cent, Sharpe estimates. The impact of global financial upheaval on the economy will inevitably lead to more corporate mergers and subsequent plant closings, says Andrew Jackson, senior economist of the Canadian Labour Congress. But job losses in traditional industries will be minimal.

POLITICS OF SLEAZE

Every action produces its own reaction—in politics as in all else. Just when a look as if America's politicians are locked in a death embrace over morality (it's sexual assault destructions—or SAD), there are signs the public tide is turning. The political victims are strewn across the land: President Bill Clinton and a host of Republicans forced into one up to extra-camaraderie carryings-on. But the Clinton scandals have already set off a backlash in poll after poll, and voters have had enough. They are fed up with what the President has self-called "the political personal destruction," and the message seems finally to be sinking in.

The test will come this year. The federal independence movement law, the statute that gave special prosecutor Kenneth Starr the power to explore every corner of Clinton's life, comes up for review in the spring. Republicans and Democrats will almost certainly try to kill the law or radically weaken it, a vote against the culture of endless investigation that has destroyed so many Washington careers.

More important will be the lead of candidates who emerge as front runners in the fight for their parties' presidential nominations for 2000. The public may well want to take a long hot shower after swallowing in Clinton-esque doses of SAD, but will benefit confidence with apparently squeaky-clean Liberals like Vice-President Al Gore among the Democrats and Elizabeth Dole on the Republicans.

Less obviously, though, the questions hanging over Clinton's rims could be used for rearguard calculations such as Texas Gov. George W. Bush and Arizona Senator John McCain. Both men acknowledge disastrous episodes in their past—incestuous sex and alcohol for Bush in the 1970s, before he was married, and actions that destroyed McCain's first marriage after he was released from five years in a Vietnamese POW camp. Such gaffes could have been fatal to a presidential hopeful. Now, after the revelations about Clinton's behaviour, voters are more likely to say: so what?



Into the sunset with the Clintons, Manning and Clinton



READY TO LEAVE HIS LEGACY?

Pelicans worry about their place in history the way hockey players obsess about seeing their name on the Stanley Cup. And the impulse for self-aggrandizement grandeur, and 2000 offers perfect conditions for a bout of legacy building. For Jean Chretien, this year may be his opportunity to lay down some markers to his 36 years in politics. He has made no secret of his desire to preside over the taming of the malleable cloak, and the big breath of private Liberal successors on his neck has subsided—for now. But last year's \$1.5-billion Millennium Scholarship Fund was the first sign that Chretien is thinking about how he will be remembered: something more dramatic than a modest but cut-of restored health-care funding series in order. Perhaps he will turn this sad for a new National War and Peacekeeping Mission. What better way to mark the turn from the world's most terrible century of war in a more hopeful future?

Not that the Prime Minister is about to abandon his low-voltage media overreach, which he has recently taken to calling "governance without feature." There are some self-starters ahead—the APEC inquiry will generate more heat, for example, though the controversy seems likely to slip right out of the PM's desk. But most events will continue to break his way. A Quebec referendum is almost impossible to manage. The federal government's response to the constitutional crisis will be to make the "sovereign" current and indecisive—cannot be negotiated with the governors, "it will not be the end of the world," Chretien told *Maclean's* in a recent interview. "We'll carry on with what we've got now."

From the opposition benches, Preston Manning does not have recourse to a blinks and burps of his western base. Manning has lost his leadership and even his Reform party itself for good in a Centrist convention last month, in establishing a new political alliance. It could be his last hurrah. If he fails, Gary Leader Joe Clark would be the likely beneficiary, securing an unexpected chance to become his own political dynasty.



The year of the Red Planet

For startlings, 1999 is the year for Mars. NASA will mount two missions to the Red Planet, part of a continuing series of ventures. This September, the Mars Climate Orbiter is to begin studying Martian weather. Then, in fall as it communicates system for the Mars Polar Lander, arriving in December after a 730-million-km, 11-month journey from Earth. The lander will jetison two backdropped satellites equipped with probes. They will search into the rocky Martina surface to a depth of up to two metres. It will send the soil for water. The lander will come in a greater than 200 km away, where it, too, will search for water. It will also open a microscope to allow Earth to investigate Mars



AS THE UNIVERSE UNFOLDS

What will the world look like in 2000? Happen in 2000?

Economic and political chaos will reign as Nelson Mandela becomes the world's hottest hot spot.

Russia's Boris Yeltsin will fade away.

So will Jean Chretien. He will announce his retirement in December. Liberal will call a leadership convention for April, 2000.

Prince Charles and Camilla Parker Bowles will announce their intention to wed. The Queen will not be invited.

Lionel Bouchard will struggle to bring a chance in the Parti Québécois between those who want a referendum and those who think it would be the kiss of death.

North Korea's relentless nuclear ambitions will provoke a confrontation with the United States.

Latin America—especially Brazil—will go through new financial convulsions as cheap Asian exports attack its markets.

Pressure will grow for a North American currency to coordinate trade the continent. The Americans, however, will refuse to cill at the border.

Newly moderate India and newly democratic Nigeria will join the world.

Iraq won't—and the United States and Britain will launch another Desert Adventure.

In Ontario, Mike Harris's Tory government will cut taxes this spring, then win re-election, handily, in June.

A cancer gene from fathers

A gene that regulates cell growth and plays a key role in a high percentage of breast and ovarian cancer cases has been identified by a Houston research team. The gene, dubbed NFE2L1, has an unusual feature: although people inherit copies from both parents, only the one passed on by the father functions. Scientists at the University of Texas's M. D. Anderson Cancer Center reported in *Proceedings of the National Academy of Sciences* first, they discovered a further complication—an 8 per cent of the breast and ovarian cancer cells they studied, the functioning copy of the gene was defective and failed to produce a protein needed to keep cell growth under control. Dr. George Mills, an Edinburgh-born cancer researcher and former head of cancer research at the Toronto Hospital, was a co-author of the study. "We said the next step would be to investigate using drugs or gene therapy techniques to supply a working copy of the gene to women with a defective one."

NO LONG-TERM PILL ILL:

There is reassurance for the 100 million women worldwide who have used birth control pills. A study published in the British Medical Journal concludes that women do not suffer long-term ill effects from the pill's use. The

biggest of its kind, tracking 46,000 women over 15 years, the study counters fears that have lingered since 1981, when the pill was introduced. The British researchers found that 10 years after they stopped taking the pill, women had the same chances of death from cancer, stroke and other ailments as women who had never taken it. It was known that women had a slightly higher risk of cervical and breast cancers, stroke and other circulatory diseases while using the pill, but the long-term effects were undetermined.



Combating a common blindness

A Canadian developed treatment that can destroy abnormal blood vessels has shown promising results in combating macular degeneration, the leading cause of blindness in people over 55. In clinical trials involving 600 patients in North America and

Europe, more than half had their condition stabilized and 16 per cent experienced improved vision as a result of the treatment, according to officials at Vancouver-based QLT PhotoTherapeutics Inc.

The treatment—which uses the light-

activated drug Visudyne to destroy leaky blood vessels that grow across the retina—is being developed in conjunction with Duluth, Ga.-based CIBA Vision Corp. Dr. Neil Bressler, a retina specialist at Johns Hopkins University's school of medicine in Baltimore, called the results "a significant breakthrough." The company hopes to begin marketing the new treatment early in 2000.

An early test for Alzheimer's

It may be possible to identify future Alzheimer's disease victims years before their memories begin to fail, according to researchers at Manhattan's New York University. Using a magnetic resonance imaging device, they studied shrinkage in the brain's entorhinal cortex—a key memory processing centre—in elderly people who had developed only mild Alzheimer's symptoms. Writing in the British medical journal *Lancet*, the scientists said that in people with mild symptoms, the cortices were on average 27 per cent smaller than in normal people of the same age. They did, however, see weight gain, ranging from 16 lb. to as few as two—and attributed the difference to a "sleptier factor." The low-weight-gainers appeared to be "dying more throughout the day than the others," said endocrinologist Dr. Michael D. Jensen. "It could be shunting or moving around—or just being a little more inactive." Reporting in the journal *Science*, the doctors said the study seemed to show that men are better than women at burning extra calories without conscious effort—the four women in the study did the least shunting.

Fidget to fight fat

If a team of American researchers is right, fidgeting could be a key to staying slim. After averaging 15 to 18 minutes to devour 1,000 extra calories a day for eight weeks, 120 volunteers at the Mayo Clinic in Rochester, Minn., saw weight gains ranging from 16 lb. to as few as two—and attributed the difference to a "sleptier factor." The low-weight-gainers appeared to be "dying more throughout the day than the others," said endocrinologist Dr. Michael D. Jensen. "It could be shunting or moving around—or just being a little more inactive." Reporting in the journal *Science*, the doctors said the study seemed to show that men are better than women at burning extra calories without conscious effort—the four women in the study did the least shunting.



Apprenticing online

Job-site learning joins the electronic age

At 37, Randy Crowell is a certified crane operator with at least 2,000 hours of experience under his belt. But since there has not been much for high-stakes crane operation around Nova Scotia in recent years, Crowell at Sterling crane systems is an apprentice boomer operator at Brooklyn Energy Centre in Liverpool, N.S. To learn his new trade, he had to go out himself with a second crane and some Internet training. "This computer stuff is all new to me," says Crowell, as he sits at his desk in what Nova Scotia Community College calls its virtual apprenticeship program. "But it has a great way of organizing your life."

Gone are the days when industrial apprentices could simply pick up the hand and eye skills they needed by working alongside experienced journeymen to learn the trade as their medieval counterparts. As the provinces take over job training—and struggle to find new ways of making out-sized skilled workers—more and more of the old rules and requirements are on their way out. Nova Scotia's now 10-year-old virtual apprenticeship is a case in point. It will allow those willing to learn a certified trade—anything from welding to professional cuisine—to take the increasingly important classroom portions of their training at home or at the job site via the Internet, without incurring a day's pay. Crowell will have to put in his 2,000 hours on a barge to earn a journey-

man's certificate. But the online courses keep him abreast of new techniques and, in particular, allow him to digest the theoretical portion of one-on-one classes—instead of just when cranking for a provincial test.

Other provinces are also eying the power of the computer to augment hands-on training. Alberta is in the midst of a two-year project, involving 10 postsecondary institutions, to develop new course components for 20 trades, ready for electronic delivery to the job site. And last month, Ontario passed a controversial set of apprenticeship reforms with a similar purpose. The split in each was the federal government's decision three years ago to turn manpower training over to the provinces and phase out direct rule in funding programs as of June 30. The common elements include an increased role for online course delivery by community colleges or private institutions—and the prospect of shifting a larger portion of tuition to the apprentice.

In the past, apprentices sought out a sponsoring employer and, in some places, paid a modest fee to a college or government agency for their training, while the job site of the job was picked up by the federal and provincial governments. A four-year apprenticeship might cost a trainee \$800, plus travelling and living expenses. The new electronic-based system can cost nearly \$3,000, at least in Nova Scotia where fees have now been set.

Business Growth (left), Brad Dietrichson; City Pages; computer consultant

Apprenticeship has been in serious decline since the recession of 1990-1991, when nearly 200,000 Canadian certified journeymen left the labour force. The Ontario government hopes its new law will significantly increase the number of young people entering skilled trades from its current 11,000 a year. To achieve this, they have expanded the number of certified trades and lowered entrance ratios. In the new system, part-time and contract workers can now apprentice, training time can be reduced to take account of prior experience, and the historic two-year minimum for certification has been abolished.

Provinces have responded from benign to actively hostile. The big autoworkers union in southern Manitoba says the new law will change the way they organize training in conjunction with their unions. The smaller car-parts companies have been quickly raising their hands at the prospect of being able to lay fewer, industry-established wages to apprenticeship workers and being able to assign more trainees to each certified worker on staff, one of the "flexibilities" of the new law. Meanwhile, the apprenticeship-heavy construction trades were evened out from the low of the last minute after objecting strenuously to some of the changes. And the Ontario Federation of Labour argued that the reforms will "close the market with low-skill workers with limited long-term job prospects."

The changes in Nova Scotia have affected everywhere near that kind of outcry, even from apprentices who will be shouldering higher tuition costs. "You have to know," says Jim Black, acting director of apprenticeship and trades qualification for the Nova Scotia government, "that most of the courses were centralized in Halifax or Sydney." Even though tuition has more than doubled in certain cases, online learning means a considerable reduction in out-of-pocket expenses during a typical four-year apprenticeship. What's more, Black points out, that electronic learning programs for industrial sites can be marketed to other provinces. In fact, at a meeting of provincial training directors in November, Black's B.C. counterpart expressed an interest in mapping out some know-how. "We see lots of opportunities here for sharing," says Black, "for reducing costs and improving hiring/matching standards." Perhaps there is hope, then, for the conforming hand of technology to undo the patchwork of job-training programs that Canadian politicians have produced.

ROBERT SHEPPARD



Films

Apocalypse then

Terrence Malick is back with a hallucinatory war saga

THE THIN RED LINE
Directed by Terrence Malick

A soldier eases his armored Joseph into a prison swamp. A dog's coat carries him on a coral beach helds a bandit of twitching cravatists up to the sun. These wild opening images of the most lyrical, least conventional war movie since 1979's *Apocalypse Now*, *The Thin Red Line* is a hallucinatory, elemental meditation on war. Spending the next 20 years in obscurity, it enhanced its legend—making him the J.D. Salinger of the screen.

The 1970s was perhaps the most expensive decade of American cinema, when the likes of Coppola, Scorsese and Altman produced an unparalleled flood of the studios. With *The Thin Red Line*, it is as if Malick has emerged from a '70s time capsule—Hollywood where anything goes. He has a director with no commercial track record whose longest film involved just four characters, and he is handed \$15 million to write and direct a war epic with 80 supporting parts. Not only that, his managers demand such stars as Sean Penn, Nick Nolte, John Cusack, John Travolta, Woody Harrelson and George Clooney, even though some of them are signed to roles no bigger than a thimble.

Trying to imagine war from the outside, Malick uses as much narration as dialogue. And it is hard to get a fix on the characters, who duck in and out of the drama like unknown soldiers. Penn is unfeathered as the

godlike, resilient Sgt. Welsh. Canadians Elias Koteas plays the sensitive but vacant Capt. Sturges. Pi, Wim (John Cusack) is a heroic enigma. Paul Bell (Tom Cruise) longs for his wife, who as depicted beside billowing curtains in too many flashback Travolta and Clooney movies, pop up in distractingly carious. The one actor who stands out is Nick Nolte, who bathes his way along the fire with a sensational performance as the raging Cel Taffi, who is selling his soul to their deaths to capture a hill—his birthright, as Jones describes it; "was like some scene from a movie, a very bad, clichéd, third-rate movie."

The *Thin Red Line* is not that movie. Far from it. It is Malick's vision, beauty and cawardice equanimity and. Not a shot is fired for the first 30 minutes. Slowly, this is an unbroken, driven by the maddening pulse of Islam Druze's *Genoëlla* score. And while the bloodbath is graphic, the drama remains rooted in the petrified nature

that surrounds it.

Malick's war-telling obsession is the incident of homosexuality in the book. Jones dwells heavily on the military men of advancing age and sex among the soldiers, young troops longing to imitate or desperate to imitate them. Malick also obsessively explores nature, effectively making it the movie's most powerful character. Cinematographer Julian敏感地捕捉到了士兵们在广阔的草原、森林和荒原上的动态。他通过与国家公园摄影师的对话，展示了纳瓦霍族印第安人的自然美。

Essentially, Malick has re-created *The Thin Red Line* as *Paradise Lost*. Light filters through the jungle canopy while the animals watch the war. A phalanx of spear-wielding bats fly over the savannah. This is the origin of *Citizen Kane* and Coppola's heart of darkness heightened by bloodied garments. It may be the *Second World War*, but it feels more like Vietnam, with Americans fighting an invisible enemy that keeps melting into the soil.

Malick's film recalls *Apocalypse Now*, an other noble failure to illustrate the absurdities of war. But there is nothing horrific about the film. Its rhythmic sense of grandeur is in the wind is more reminiscent of *Gaga's Moon*. Destroying his own thin red line between the bloodied and the damned, he now gives us *Days of Thunder*.

BRIAN D. JOHNSON

FILMS

Stronger than fiction

A CIVIL ACTION
Directed by Steven Zaillian

THIS storia surely rings true. Based on Jonathan Harr's 1995 best-seller, *A Civil Action* chronicles a lawyer's crusade on behalf of eight families in Woburn, Mass., who accuse two companies of contaminating their town's water in the 1960s and '70s and causing their children to die of leukemia.

In the movie, there is a shock in seeing the defendants' legal team as scruffy Bedtime Foods and W.L. Gore & Co. For once, the names have not been changed. But *A Civil Action* is a typical legal thriller. It is a superbly investigated drama in the tradition of *Witness* and *Leviathan*.

Despite the heroic presence of John Travolta, who shines as crusading lawyer Jay Schleicher, the action is not pumped up with tales of law, or overwrought with a romance for subtlety. The hero, meanwhile, is wise, fallible and less likable than the adversary who oustroses him—Bedtime Foods attorney Jerome Packer, a sly entrepreneur played with heartbreaking subtlety by Robert Duvall. Schleicher is a slick personal-injury lawyer who dreams of becoming a partner and establishing his own firm. But with the Woburn case, he loses his conscience. And to the alarm of his legal team, he bankrupts his firm by rejecting cash settlements and taking the case to trial.

Writing director Steven Zaillian—who scripted Schleicher's *Lies* and *Saving Private Ryan*—uses the style of *Body Double* to tell his David-and-Goliath story with subtlety. In its well-chosen scenes, he illustrates Schleicher's innocence in the courtroom with shots of Packer's legal team—law clerks on the docket—distracted by cross-examination ("Never heard of 'Whip"? You don't know the answer?") And there are devastating scenes of Old Man Packer played by Shirley Temple patronizing Schleicher in the costly court room of the Club. William H. Macy adds a note of comic desperation as Schleicher's accountant, who sells off all the office furniture and applies for a myriad of credit cards to bolster the keep company afloat. And Kathleen Quinlan creates heartbreaking empathy with her spare performance as Anna Anderson, a Woburn mother who has lost her son to leukemia. A thriller without a gun, a kiss or a chase, *A Civil Action* is an inspiring violation of Hollywood formulae.

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How cults captivate

A series explores pseudo-prophets' power

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9 p.m. eastern time

Tears well up in Stephen Jones's hollow eyes. He is, he recalls, the butches who died first. His father, People's Temple leader Jim Jones, ordered parents to inject their infants with cyanide. "So, now you've got a baby dying just like them," says Stephen who, at 15, escaped to America shortly before the infamous 1978 Jonestown massacre in Guyana. Once they had murdered their children, he speculates, the adults had no choice but to drink cyanide-laced Kool-Aid. They had reached the point of no return. "Could you watch 200 babies die and walk away?"

The three-part, three-hour documentary *Killer Cults* attempts to explain why 900 men, women and children perished in Jonestown, and why such doomsday sects continue to exist. The Franco-Capitalist series, which starts on June 15 on Vision TV, chronicles the lives of four murderous prophets: Jim Jones, Branch Davidian guru David Koresh, Shoko Asahara (leader of the Japanese cult Aum Shinrikyo) and Leader of the Solar Temple sects Dr. Marshall Apple. Cult leaders are either con men or fanatics, but both end up believing their lies begin, flourish and ultimately expire. The production's greatest strength is its evenhanded accounts, and its detached approach to cult phenomena—it exposes cult leaders and their misguided flock in the same way that a surgeon investigates a disease.

Beginning with its first episode, "Blinded by Light," the documentary reveals how cults attract and control members. Many use seclusive fronts to lure unsuspecting people into their fold. Aum gathered recruits by offering yoga sessions. Koresh's refurbished man recalls attracting potential converts with basic study groups that quickly turned into indoctrination sessions. Once "hooked" on the cult, members end up in a systematic regime of brainwashing and tortures ranging from beatings and sleep deprivation to rape and maiming. "If the cult arrives when you are at work, you are vulnerable," *Killer Cults* codirector Catherine Berthiller, 32,

says. In an interview, "People would come to us and say, 'I have a very important story to tell and I'm sure that you have never heard it before.' Each time, it was the same—it's always the same."

The following episode paints a psychological portrait of the doomsday cult leader by illustrating the similarities between Koresh, Jones, Dr. Marshall and Asahara. Cult leaders are generally predatory personalities in ability to reawaken their nightmares ordeals often keep former cult members silent. "Many of the people we interviewed were still terrified," says Berthiller. "Some received death threats. It took Stephen Jones 20 years before he could come forth."

Death threats, sexual depravity, ghoulish members who are easy fodder for TV producers eager to savor in the macabre that is cultistic doomsday sects. But *Killer Cults*, its blood off its aisle, avoids sensationalism. Berthiller juxtaposes the objective observations of cult experts with the very subjective insights experienced by former cult members. Often delivered with haunting understatement, these interviews portray life before and after a cult, with chilling effect. Like soldiers recounting battle, former followers piece together their cult experiences in a dreamlike sense of disbelief. "These were different methods of execution," says "We



Jonestown aftermath: cult leaders are either con men or fanatics, but both end up believing their lies

who compensate for their inadequacies by manipulating and abusing others. They are either con men for easy money and sex (as in the case of Dr. Marshall) or fanatics—such as Koresh and Jones. Ultimately, all prove to believe the distorted prophecies they espoused from the pulpit.

The final episode of *Killer Cults* examines the descent to mass suicide and murder. Death, followers are convinced, is merely a step into greater understanding. And so, 98 Branch Davidians died in Waco, Tex., in 1993, and 26 Solar Temple followers have perished in suicides since 1994. In 1995, Aum followers released nerve gas on a Tokyo subway, killing 13 and injuring 5,000. Japanese authorities believe Aum murdered up to 20 others.

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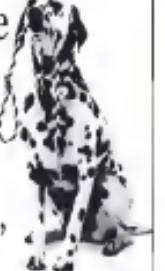
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Books

Two singers' stories

A pair of Canadian stars open up their lives

On the surface, singers Rita MacNeil and Murray McLauchlan have a lot in common. Both are in their 50s and began their careers in Toronto's Yorkville district. Their simple, direct but emotionally powerful songs won them Juno Awards and memberships in the Order of Canada. Now the two have written autobiographies. While both books seem refreshingly honest, their contents are as different

as a nail and a brick. But he included some essentials: "How the heck was I supposed to sing or write about living hard and riding freestyle, about the terrible burdens of the migrant worker, or mass corporate, short-terming your employer if I'd never done anything tougher than walls down the street to a car-boot sale?" he reflects in the book. A hot-baking trip across Canada changed all that,



McLauchlan (left) on tour; photography has the ready energy of a live painter

as the musicians' styles: if McLauchlan's has the novelty of a beer parlour, MacNeil's has the quiet charm of a tea-room—not unlike the one she runs back in the Pond on Cape Breton Island.

MacLachlan's *Getting Out of Her Alve* (Hyperion, \$22) opens in his birthplace of Paisley, Scotland, to which he recently returned with a documentary crew to film a TV special about his life. Revisiting his family home triggered some vivid memories, including his arrival in Canada in 1953 as a five-year-old with a thick accent and a tartan kilt. But his early life in Toronto was uneventful until the night in 1963 he heard Bob Dylan on the radio. "I snatched myself and was never the same again."

McLauchlan began hanging out in fabled Yorkville, eventually finding his debut there

as the departure also sparked his first successful composition, *Child's Song*.

To his credit, McLauchlan never signs onto a self-aggrandizing retelling of his musical history instead, he details how his career suddenly crashed and burned in 1977 with one major money-making tour. Still, he bounced back. After several disastrous albums, including *Fate o' Mystery*, an overblown, cocaine-fuelled production by Bob Harris (Pink Floyd), McLauchlan came up with one of his best: the stirring, stirring *Thiefology*. Although both his marriage and an extramarital affair were finished, he landed back on his feet by taking to the air carrying his pilot's licence. He began flying, a pursuit that quickly became a passion.

Flying provides some dramatic stories

The building plot had several near-fatal flights, including one during his 1979 Whistler-to-Rainbow trip in which he ran short of fuel outside Halifax, and McLauchlan was nearly killed by greasers, his crew on Joni Mitchell's boat. He also shared the dry-cell batteries of Freddie and Richard Hirschfeld, record executive David Geffen and singers Tom Dowd and Tex Willer.

What elevates *Getting Out of Her Alve* above other celebrity autobiographies is McLauchlan's candour and insight—especially regarding his divorce and fatherhood. He's married to Music executive Debbie Danzon, with whom he has a teenage son, Duncan. The duo also has daughter from his first marriage. McLauchlan emerges as a man who has learned not to take life for granted—which is a good thing, considering how he was unmercifully dumped recently as host of the cable-TV talk show *Grapple* after only four months on the job. "Life is unpredictable, random, messy and dangerous," he concludes. "You can either shrink away from that because you're afraid to be hurt, or you embrace it because the rewards that it offers are so rich."

Rita MacNeil has also prospered. But the Cape Breton singer has faced quite different demons in her life. On *A Present Not a Toy* (Portes, \$18.95) tells how MacNeil struggled with sexual abuse, child-pornography and weight problems to find her place in the image-conscious music industry. Written with Nova Scotia novelist Anne Sheppard, the book lacks the intensity of McLauchlan's story. Yet it still manages to convey MacNeil's raw Martine grit.

The fifth of eight children, MacNeil writes that she suffered teasing at school and abuse at the hands of an uncle. Despite her shyness, she discovered a love of singing. "I sang first because I was compelled to," she writes. "as if it were a framing of my spirit." After moving to Toronto and having two children, she joined the women's movement by attending meetings and performing benefits for feminist causes. In 1973, she wrote one of her first successful songs, *Bow a Bowtie*, to protest a Toronto beauty pageant. Yet she continued to battle depression and a dependency on pills and alcohol.

But MacNeil writes that she's "a tenacious soul." *Proud* can be found in her description of an interview with the CBC's Eric Milberg, during which she showed photographs of herself when she was young. "So you were a skin b*tch," Milberg remarked. "I'm still a skin b*tch," MacNeil shot back. When Milberg asked about her weight gain, MacNeil asked him about his bald head. Like McLauchlan, MacNeil is a survivor, one who doesn't pull her punches. And both books are enhanced by the authors' estimable spirit.

NICHOLAS JENNINGS



Not so Good Morning

BY ANTHONY WILSON-SMITH

As the clock wound down on a *Good Morning America* broadcast last week, co-host Kevin Newman was presenting highlights for the ABC network show the next day. Gave an interview with a former host of the program who now anchors weekend specials for ABC. Said Newman, reading from a teleprompter: "We'll have John Ludden talking about life after *Good Morning America*." Then, the Toronto native gave a quick grin and began from the script to add: "I'll have lots of questions to ask her." That inadvertence—which Newman later conceded was not spontaneous—drove guffaws from the crew. With good reason, since it marked the first full airing of a weekend of news that ABC announced two days previously after eight months as co-host, Newman is leaving the high-profile position to become one of five or six regulars on ABC's late-evening current events show *Nightline*. Said one reflective New-

man later: "If you can't make fun of yourself, someone else will do it for you."

That self-deprecating quality has helped the 39-year-old Newman ride out the highs—and many lows—of the past year. Few in American television have risen higher, faster than Newman. A graduate of the University of Western Ontario who worked as a reporter for Global, CTV and CBC, he honed his hosting skills over two years at CTV's *MiddleABC*, recruited him in 1994 as co-anchor of its overnight news program, and he rose through a variety of positions. After anchoring coverage for the manner in which he conducted coverage of the death of Diana, Princess of Wales, on the Labour Day weekend of 1997, he was tapped to co-host the revamped morning show.

Nine eight-month-long months later, that is over. At the same time ABC announced the replacement of the executive producer and the departure of co-host, Lisa McRee, the pair will be replaced for an unspecified period by Newman's predecessor, Charlie Gibson, and

high-profile journalist Diane Sawyer. But as Newman set as a permanent *National Enquirer*, still making makeup from his face he said cheerfully: "Regrets? Not even a few." Perhaps—but for anyone faulting the multimillion-dollar stakes and take-no-prisoners nature of the major American networks, Newman's tale is instructive. It also shows what life can be like for a well-described "private person by nature," an introspective Canadian who suddenly found himself front and center on the television school the world's most powerful nation—and a society obsessed by celebrity. "The first time you see your face on the side of a New York City bus, it's huge shock," Newman says. "By the time you can't sleep with your kids in a small apartment because people won't leave you alone, it's much thicker." Last summer, Lisa's wife, former television journalist Cindy Kurnick, was diagnosed as having multiple sclerosis. His first instinct, he says, "was to keep the news where it belongs, only in the family." (The couple have a son, Alex, now 12;

high-profile journalist Diane Sawyer. But as Newman set as a permanent *National Enquirer*, still making makeup from his face he said cheerfully: "Regrets? Not even a few."

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and a daughter, Erica, 5, and live in a small community in neighbouring New Jersey) But when a tabloid newspaper said it would publish the news, the family decided to issue a news release describing her condition (which was not then Newman was nominated). "Are there any left?" he asked sarcastically, suggesting that he thought ABC had fired them all. (Following the charges, the high-profile *CNN* newscaster in Canadian producer Peter Cowley, formerly of CTV. She has been asked to stay but is considering other offers within ABC.)

In fact, Newman's nationality was an issue—because it reflected the way he and viewers related to each other. "These are things about America that Kevin simply did not get," says one ABC staff member. Then, there were the spell-check difficulties, differences in pronunciation and word usage, which baffled viewers. Last week, when Newman talked about a "brogue," his ill-fated co-host, Elizabeth Vargas, looked briefly chagrined for action.

As well, the network conducted focus groups—with findings relayed to the hosts. "Sometimes," Newman says, "it helps to know when you eat people off in red meat or say isn't too much but that's less helpful when what people focus on most is whether you wear glasses." Some of the most emotional comments came when Newman switched from glasses to contact lenses, and then back!

Newman says that two months into the new job, "it seemed inevitable that this was going to fail. We were no longer following news; our problems had become the big New York media story of the year." Then, ABC technicians went out on strike—just as the show was about to go on a cross-country tour to try to boost ratings. The trip was canceled. Following that, the West Wing became the first of a number of media outlets to speculate that Newman and McRee, a perkier blond Texas native, were leading and not speaking off air. Newman denies such friction, but says, "We're different kinds of people, and that can make good chemistry. But at the outset, that was not the case with Roger and me on *ceo*."

Despite his understated nature, Newman is known among colleagues for his drive and single-minded focus, and those qualities he kept going long through the recent crisis.



Conway and the co-host on the *GMA* set: "It was clear that I did not have full support"

Why ABC's big morning show parted company with Canada's Kevin Newman

host, *Westin* insisted: "We want the best person. Period."

It seemed too good to last, and was. Constanza-Westin's contrasting comments of the new conference last week foreshadowed the shake-up at *GMA*. Even before Newman's arrival, ABC News already had to many Canadians—led by their longest-standing anchor, Peter Jennings—that the other employees joined spontaneously to call letters stand for "America by Canadian." Westin was asked whether he would hire more Canadians in the future

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The show had the potential to become a ratings smash-up everyone downed with," says one staff member. "Sawyer was determined not to let that happen, and he showed a great deal of class and courage." His successor of course, *Nightline's* Brian Williams, seems recent.

Those differences could have been exaggerated—or simply imagined. Meanwhile, Newman discusses things about his own character and Canadian news. "I'm not a shrill," he says. "My stomachs are quiet ones, and they serve us well in the long range—but here, you have to promote your self, and tell more of your life out there for everyone to see. I didn't understand that."

Newman's bemusement by *GMA* lasted, he says, "about three weeks." By the end of June, the first critical reviews were in from other media, decrying the show's fondness for padding interviews with celebrities and quoting hard news. That criterion, Newman concedes, was accurate, "and our focus did not play well to the strength and background in hard news." He shaded at some interviewees, recalling: "One day I was interviewing the author of the latest *Louise* book and couldn't figure out what I could ask her to eat." *Time* in USA Today called *GMA* "Newman and McRee's unashamedly to their competition effort to re-invent itself by raiding *NBC* and *CBS* core audiences rather than those of *ABC* and *CBS* core." A three-year-old ratings drop of the show continued, and the network clearly owned *National Enquirer*, who made large profits from the show by selling legal advertising time on the morning show, were churning for action.

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That departure is caused by several factors. One is the move to the critically acclaimed *Sopranos*, in which he was invited by cast boss Tony Scotti. As well, he has two years and four months remaining on his three-year contract with ABC. Although he will now earn less from the estimated \$1 million he made as a co-host, his lowered salary, says one colleague, "will be nicely into six figures."

Another reason for his sanguine stance, Newman says, is his appreciation of the depth of comment and experience he's undergone in so short a time. "I'd had a chance of whether to do it all again. I would, because only a few people ever live at that level." Some memorable experiences centred around breaking news such as the collapse of the Russian ruble, which took him to Moscow to anchor the show and the ongoing impeachment proceedings surrounding President Bill Clinton. Others revolved around what Newman describes as a "kind of Pleasantville exercise" people like Tom Hanks or Robin Williams or Garth Brooks would suddenly turn a corner and be in front of me in the studio! There, despite his desire for celebrity interviews, "we're great kids."

Newman is now planning what he calls his "transition period." He has a month off before Newf Year, and knows exactly how he will spend the first week. At 8:30 on Friday morning, with his last show behind him, he'll leave the studio and go to a barbershop where he plans to get his hair "real real, real short"—maybe a buzz cut.

Then, he will get away what he describes as "my one great extravagance"—recently leased BMW Z3 sports car—and point it towards Toronto. The trip can be completed in eight hours, but Newman, who says driving "clears my head out," may take two days to do so, while Sami McLaughlin, Paul Jan and the Bram Stoker Orchestra play from the CD player. Newman will then move, while he will stay with the children, it will be the first full week since university, he says, when "my time is completely unstructured and all my own."

When he gets to Toronto, his mother, Sheila, a 65-year-old legal adviser who is retiring this Friday, and sister Debbie, 31, an investment broker, will be waiting. He will meet friends during the week, and at some point he and his mother and sister will visit the grave of his late sister who died two years ago of a brain tumour at the age of 34.

More than anything, however, Newman says the loss of Kelly "taught me what matters in life and what is past details." And in remembering her, he says, will help him take stock of himself. "I've taken 15 years to get to this point, and now I plan to use this month to stop and think about where I've gotten to, and the next stage that lies ahead." When he does, he can look back on a road that has been bumpy and, recently, sometimes bumpy—but hardly ever boring. □

People

Edited by
TANYA DAVIES

Going public

Jean Langstroth has an urgent message for everyone: "Decommission this people group of their scales, right now." Langstroth should know. The 13-year-old daughter of singer Anne Murray, 53, and her estranged husband, former television producer Bill Langstroth, has spent the past three years fighting the eating disorder anorexia nervosa. After keeping it quiet, mother and daughter are now sharing their story. "Dawn was starting to get cold feet," Murray told Maclean's. "But I said that if we could help one person, it would be worth it."

Murray first realized something was wrong when her daughter, then a 10-year-old high-school student, started to exercise obsessively and would rarely touch her food. "She had always been a picky eater, but she was 12," explains Murray. "And I never got to a truly alarming state. Looking back, I wonder how I missed it. It was so obvious." After the low 40s, 5% body weight was down to 33% this spring and starting to rise, her mom finally admitted her to a doctor who diagnosed anorexia, and she checked her into an eating disorder clinic in Florida for two months. "There was a waiting list in Canada," says Murray. "And I could afford it." Dawn stayed at the clinic on three separate occasions, the last time in December for 10 days after suffering a relapse. A big part of her recovery was therapy—including family sessions with both parents. "What I learned is that you can't blame anybody for this," says Murray. "I know because I blamed myself."

Langstroth is still and Murray shares the pain of her daughter's separation last March. Langstroth interprets reasonably, "that won't fix the issue now."

Dawn is now preparing for university, but she recognises that anorexia is a lifelong issue. She recently gave Murray a tape of her self-tape and although she has been back for her mother's sake, it was the first time Murray focused on the extent of her daughter's talents—"She is better than I was at that age." The two will sing together at a Jan. 27 benefit for Sherron's Place, a Toronto eating disorder clinic where Langstroth took an assessment course. "It's been a tough experience," says Murray, "and I don't want to relive it."



Langstroth: on the road of recovery by the rest of the world

injured of film and TV parts, ranging from a 1600s nurse in *Shakespeare in Love* to a horseless rider in *Charles Bronson's Bloodline* (1994). She has also portrayed a lesbian professor in *Patriotic Rosemary* (1996), *Night & Falling* (1996), her first film in English. But Bronson says she has no Hollywood dreams—"I just want to make good movies, wherever." In August *25th on Earth*, she appears as Susanna, a single woman who persuades her closest friend—played by well-known Montreal actress Meagan Martin—to go to the desert town Salt Lake City with her to conceive a child. Playing in the expense of the salt flats was "tremendous," she recalls. "It was hot being on the moon—a desolate sterile area—which is the paradox of trying to procreate there."

Meanwhile, Bronson wants children of her own. "I want that urgent," she says, "but I want to have a lot of kids." She has bought a farm in Quebec's Eastern Townships with her boyfriend, a career therapist. They are building a straw bale house in which they plan to live year-round—a far cry from Hollywood

Allan Fotheringham

Havana's faded beauty still shines through

A dead rat, unattended to in the middle of the dog-littered cobblestone street just around the corner from Hemingway's bar, as pedestrians wander along just the 1850s lime-green and pink pastel gas-pumpers from Detroit.

It's a metaphor for Havana at Christmas, an aching lonely city gone to rot. One suggests it was Graham Greene who wrote: "True, Havana was shattered and shabby. But in the manner of a beautiful woman who had let herself go. You could still tell that she had good bones."

The sprawling city of 2.5 million needs a million gallons of paint to do justice to its magnificient architecture. Historians have observed that the British, in building their empire, went east to grow rich and return. The Spanish went to grow rich and stay. Havana's faded beauty shows that. The good bones are still there.

In great deepwater port held by Colonists, it began as a city in 1519. As the key shipping point to Europe for looted gold and jewels from the Incas and the Aztecs, it was continually raided by pirates. At one stage, 200 buccaneers entered the waters. By 1760, Havana was larger than New York or Boston.

Churchill, arriving by sea in 1895, wrote: "I left us [I] satisfied with Long John Silver and first guard on Treasure Island. Here was a place where anything might happen. Here was a place where something would certainly happen."

Almost every tycoon has happened, of course. Thomas Jefferson in 1808 was the first of four American presidents who tried to buy the island. Used as an off-shore Las Vegas" by Lucky Luciano and the Mafia, all that was supposed to be changed when an idealistic young lawyer with only \$800 guerrilla-like come down won the elections and in 1959 ousted the bad guy dictator Fulgencio Batista.

The tragedy of Cuba is that 40 years later it is still a mere proud and narcissistic, where a bicycle is a proud possession. And the idealistic lawyers, now 72, are back in the business of lecturing the whites who care about money--this time wearing berets, their language having forgotten the tape.

At the base is this love-hate relationship with the bully Argentina,



Florida only 350 km north separated by the world's longest and deepest root. Fidel Castro spent his honeymoon in the US. There is a granite Stark and white postcard here, the young man who was seated by the Cincinnati Reds standing in clear admiration of Abraham Lincoln at the failed interview in Washington.

Wayne Smith, head of US Interests Section in Havana circa 1980 once said, "Cuba has the same effect on American administrators that the full moon used to have on werewolves: they just lose their intensity at the mention of Castro and Cuba." It's true. Jimmy Carter says the economic boycott of Cuba is the "most stupid law

his country has ever enacted."

Castro's stubborn flirtation with the Kremlin naturally founders when communism and the Berlin Wall fell. Cuba's GNP collapsed from \$19 billion to \$9 billion in four years.

It doesn't matter that Cuba with free education and health care has the highest literacy rate and the lowest infant mortality rate in Latin America. It doesn't matter that an island of only 11 million people has 40 university campuses.

Half of Cuba's 6,000 doctors fled after the revolution, but today the island boasts 63,000 doctors, a surplus. And so bellhops and prostitutes make more than surgeons and professors.

One of the more bizarre aspects of this city where the morning banque Gran Teatro de La Habana is as good as anything you will see in Paris is the Teatro Ministry Museum. It's devoted to the alleged attempts of the CIA to assassinate the honored one who has outlasted eight US presidents. Included is an exploding cigar made of Henley's Cigar studded with anti-bacterial capsules.

If elephants in Africa go to a secret camp to die, Havana is the last resting spot of the 1850s Plaza de Maestros from Detroit, the ugliest things Detroit has ever known on the world. Held together with spit and solder, the overcooked Cuban mechanics run next to bald, brown sugar and shampoo for broke bald.

The gladiators, in a city where the mode of the South American drums met the Spanish guitar, revisions *The Tropicana*—the world's most spectacular nightclub that opened on New Year's Eve 1929 and has never stopped—makes Vegas look bush league, with 300 dancers, in a two-hour show under the stars. It's a spectacle these paired eyes had never met.

No Entertainer, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, Bush nor Clinton could ever top this stubborn, idealistic who has returned to being an activist and who, along with the Pope, has moral bonds.

Cuba is a one-party state, is no closer to being a democracy than it was under Batista. On the Vedado beach strip, there are 32 hotels (Kuwaitis the main visitors) with construction cranes making it look like Colpatria in hell.

Cuba as always, relying on foreigners with money coming only for pleasure. It's sad. Two-ever thus.

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